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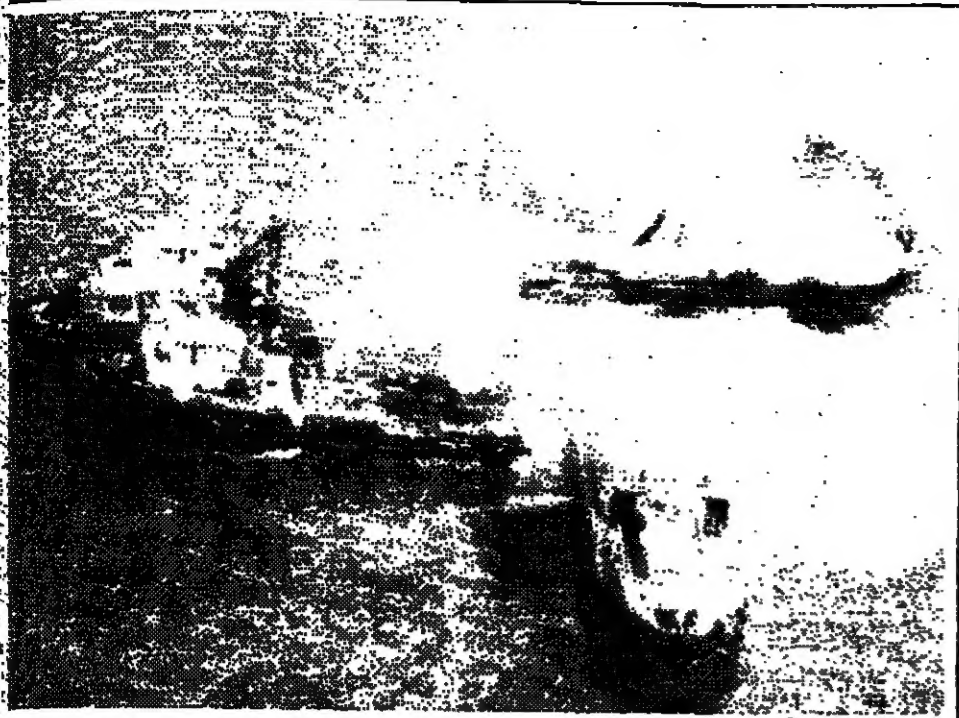
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ESTABLISHED 1887



IRANIAN RIG STILL ABLAZE — Tugboats kept trying Wednesday to extinguish flames on the oil platform in the Gulf that was shelled by U.S. ships Monday. An Iranian official warned, meanwhile, that retaliation would not be limited to the Gulf. Page 5.

Kiosk

Slander Hearing Opens in Poland

WARSAW (NYT) — A Polish court opened a hearing Wednesday into charges that the chief government spokesman had slandered four Polish citizens by asserting that they had been involved in an official of the U.S. Embassy.

It was the first time a court in Poland had admitted such a suit, reflecting the gradual reduction of the right of legal appeal against what were once considered unchallengeable government actions and decisions.

Though the spokesman, Jerzy Urban, frequently retracts statements or corrects them, the suit also illustrates a widening position use of institutions that enable citizens to force government agencies to account for their actions.



Saint Laurent's designs ranged from the jazzy, as here, to the sober on the last day of the Paris collections. Page 5.

GENERAL NEWS

A longtime member of the Soviet Politburo, Gidar A. Ilyev, has been retired. Page 2.

The U.S. market crash caused rifts among Republican presidential candidates. Page 3.

Indian troops and Tamil rebels both claimed control of the Jaffna city of Jaffna amid heavy fighting. Page 4.

SCIENCE

Soviet scientists are planning to build the most powerful particle accelerator to study the composition of matter. Page 8.

SPORTS

The Cardinals nipped Minnesota to cut the World Series fight to 2-1. Page 17.

BUSINESS/FINANCE

France postponed the public sale of Matra, the defense and electronics group. Page 9.

The NYSE suspended three all member firms, citing financial difficulties. Page 11.

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\$1 dollar in New York:
£ 1.75 1.649 1.44.65 6.068

Israel, Jordan and U.S. Said to Discuss Talks

Thomas L. Friedman
New York Times Service

JERUSALEM — Israel, Jordan and the United States are discussing a proposal for Middle East peace talks in which Jordan and Israel would negotiate directly under the joint auspices of Moscow and Washington, a senior Israeli official said Wednesday.

This negotiating format was first broached by Secretary of State George P. Shultz during his meetings over the weekend with Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, said the Israeli official, who declined to be identified. The idea, however, apparently was originally suggested to Mr. Shultz by Mr. Peres.

The Israeli official cautioned that the proposal is still in the talking stages and many of its details — some of them quite important — are known only to Mr. Shultz, Mr. Peres, Mr. Shamir and King Hussein of Jordan. None of the four have been prepared to discuss the proposal publicly. More importantly, the official said, none of the participants have committed themselves to anything.

The official said that Hussein probably would crystallize his position only after the Nov. 8 Arab summit meeting in Amman, Jordan.

Hussein does not want to tie himself at this stage to any negotiating format that might embarrass him at the meeting, the Israeli official said. Moscow's position probably will be made clear only after the proposed summit meeting this year.

Under the proposal, the United States would act as a mediator between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader.

Nonetheless, the proposal already has become the focus of considerable diplomatic activity in the past few days and represents a potential opening in what recently has been a deadlocked peace process.

After leaving Israel on Monday, Mr. Shultz briefed the Egyptian leadership on the new proposed format. Later, in London, he did the same with Hussein.

Wednesday, the U.S. assistant secretary of state for near eastern affairs, Richard W. Murphy, flew back from London to Jerusalem to report to Mr. Shamir and Mr. Peres on the Shultz-Hussein discussions.

An Israeli official said that Hussein did not reject the Shultz proposal, but he did not give a final commitment to it, either. It falls short of his previous demand for a full-scale international conference that would include the five permanent members of the United Nations Security Council.

On Friday, Mr. Shultz is to meet with Mr. Gorbachev and is planning to bring up the idea with him, the Israeli official said.

It apparently was important for Mr. Shultz to get this new negotiating proposal on the table before he went to Moscow, the Israeli official said, to demonstrate to the Kremlin that there is no vacuum in the Middle East for the Soviet Union to fill, and that Washington is still the dynamic force in the region.

See MIDEAST, Page 5

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Broad Rally Pushes Dow Up by Record; London and Tokyo Share in Recovery

Reagan Says He'll Listen to Tax Rise Idea

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan, in an attempt to "show some leadership to the markets," said Wednesday that he was willing to listen to Democratic proposals for tax increases as a way of curbing the budget deficit.

But he said, "I have not changed my mind" about the impact of tax increases — he believes they reduce revenues.

Mr. Reagan characterized Monday's plunge in the stock market as "some kind of a correction."

The Federal Reserve Board, the nation's central bank, apparently moved to provide easier money to the nation's banks for the second day in a row.

Mr. Reagan's impromptu comments came just minutes after his spokesman, Martin Fitzwater, declared that the president's mind was open on the subject of tax increases, which some Democrats favor.

"Of course, I would be willing to listen to their proposal," the Republican president said, complaining, "They have never listened to us."

He added: "Let me put it this way: I have not changed my mind about the impact of increased taxes, which does not result in increased revenues. Historically, tax increases result in reduced revenues and reduced tax rates result in increased revenues, and that's a point I would make."

Mr. Reagan would not commit himself to actual compromise in new talks that he proposed with congressional leaders on the subject of the federal budget. "Obviously, we'll listen to each other's proposals," he said.

Asked if he was willing to compromise, Mr. Reagan said, "I don't think you can answer in advance other than I have said I am willing to hear their position."

Mr. Fitzwater said that after Mr. Reagan met with top economic advisers on Tuesday, he decided to sound conciliatory about Democratic demands for negotiations on easing the federal budget deficit rather than let automatic across-the-board cuts go into effect next month.

Mr. Fitzwater cited "the gravity of the situation in regard to the stock market" as the impetus behind this new "special effort."

Mr. Fitzwater said Mr. Reagan

See TAXES, Page 5



Traders on the London Stock Exchange share a light moment during a break Wednesday.

Markets Rebound Worldwide

Compiled by Our Staff From Dispatches

LONDON — Prices on stock exchanges from London to Sydney rebounded sharply on Wednesday, apparently in response to signs that Wall Street was weathering Monday's catastrophic selling spree.

Tuesday's record increase on Wall Street caused prices to soar on the Tokyo Stock Exchange and prompted officials in Hong Kong to consider lifting a controversial closing of that market.

Prices on the London Stock Exchange, after a session much of the session, managed a record gain to recover more than a quarter of their huge losses earlier in the week. The Financial Times

100-share index finished 142.2 points higher, at 1,943.8, though that still was 15.5 percent below Friday's close.

Volume was so heavy that it caused technical problems, forcing the exchange to stop computing the index at noon for three hours.

Tokyo's key price indicator set a record for the sharpest single-session rise. The Nikkei average of 225 selected issues, which had lost a record 3,836.48 on Tuesday, recovered 2,037.32 to close at 23,947.40.

Trading was heavy, estimated at 1.1 billion shares, compared with 485.2 million on Tuesday.

On the Sydney exchange, the key market indicator, the All Ordinaries Index, jumped 85 points within an hour of the opening bell. But at the close it had recovered only 19.7 of the 515 points it lost on Tuesday.

In Paris, the key Bourse indicator managed a gain of 3.48 percent, although traders said that prices had come under pressure earlier in the day from selling by foreign institutions.

On the Frankfurt stock exchange, a sharp rebound was reported in hectic trading as investors went bargain-hunting after Monday's massive sell-off.

(Reuters, AP)

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

See TAXES, Page 5

See DOLLAR, Page 15

See STORM, Page 5

See MARKET, Page 10

Politburo Member Is Retired In Apparent Fall From Favor

The Associated Press
MOSCOW — The Communist Party Central Committee on Wednesday retired Politburo member A. Aliyev from the ruling Politburo "for reasons of health," the Tass press agency announced.

Mr. Aliyev, 64, was absent from the last plenary meeting of the Central Committee in June, triggering speculation that he was ill or out of favor with the Kremlin hierarchy led by Mikhail S. Gorbachev.

Tass said, "The plenary meeting satisfied the request of Gorbachev regarding his release from responsibility as a member of the Politburo, in connection with his departure on pension for reasons of health."

The former head of the security police in the Azerbaijan republic was the last man to rise to the party's ruling body under the patronage of President Leonid I. Brezhnev. He had been a Politburo member since November 1982.

Although Mr. Aliyev was considered an early supporter of Mr. Gorbachev, the industries for which he was responsible have been performing poorly and have repeatedly been criticized by the state-run media.

In addition to missing the last

Central Committee gathering in June, Mr. Aliyev was absent from the session that month of the Supreme Soviet, the nominal parliament, as well as from a major Central Committee conference on production of consumer goods, which is one of the two economic sectors for which he was responsible. Transport industries was the other.

Mr. Aliyev is the fifth Politburo member to be removed since Mr. Gorbachev came to power in March 1985. The others are G. V. Romanov, Viktor V. Grishin, Nikolai A. Tikhonov and Dinmukhamed A. Kunaev.

Food Shortages Targeted

Philip Taubman of The New York Times reported from Moscow:

Mr. Gorbachev, under increasing pressure to produce improvements in living standards, is pressing the party and government to alleviate chronic food shortages as quickly as possible.

Calling for urgent measures to improve the storage, processing and distribution of food, Mr. Gorbachev told party leaders Saturday that the country could not wait 5 to 10 years for adequate supplies of farm products.

Many Moscow residents say there is less food in the stores now than five years ago, and the lines that have been a hallmark of the Soviet economy for years have, if anything, increased.

The campaign, which Mr. Gorbachev discussed at a party conference over the weekend reflects his impatience at the slow pace of development.

It also marks the clearest sign to date that he feels mounting pressure to translate changes he has started into improvements in the availability of food and other consumer goods.

"If we fail to tackle urgent tasks, those which affect the everyday life of the nation, people will not understand us," Mr. Gorbachev told party leaders. "We cannot live with hopes alone. Many problems have to be tackled today."

More than two and a half years into Mr. Gorbachev's administration, Russians seem increasingly restive, complaining that he has called for extensive revisions in the economic system, and increased productivity, without providing any material benefits.

Outside Moscow, food shortages are more common and severe. Butter and meat are rationed in many places, the result not only of poor farm production but also of processing and distribution problems that are staggering.

The newspaper Sovetskaya Rossiya recently reported that 50 percent of the potatoes grown in the Russian Federation, the largest of the Soviet Union's 15 constituent republics, are lost.



Stranded passengers at Moscow's Sheremetyevo Airport wait for the fog to lift.

Fog Shuts Down 3 Moscow Airports

The Associated Press

MOSCOW — Heavy fog persisted in the Soviet capital for a third straight day Wednesday, continuing to halt flights to and from its

three airports and stranding thousands of travelers.

Flights of Pan American World Airways, Air France and other international carriers, in and out of Moscow, were delayed indefinitely. "Nobody's landing," said a spokeswoman for Pan Am, who said the airline's Tuesday flight from Frankfurt had not been able to arrive.

The fog lifted in central Moscow during the day, but not sufficiently at outlying Sheremetyevo Airport to allow operations to resume. Sheremetyevo, which officials said probably would be closed all day, handles most international flights.

Radio Moscow said meteorologists predicted no improvement in visibility in the near future. Moscow-bound flights were rerouted to other cities, it said.

The dense fog was blamed for a

bus accident outside Moscow that killed 11 people.

The newspaper Sovetskaya Rossiya said a bus and car collided in fog on a bridge outside Moscow Tuesday morning, killing at least 11 bus passengers.

Late Tuesday, the official Tass press agency said 19,000 passengers were stuck at two Moscow airports that mainly handle domestic traffic.

"About 14,000 passengers are waiting on the weather at Domodedovo Airport," Tass said. "And roughly 5,000 are waiting at Vnukovo."

Tass said airport officials were trying to arrange train travel for stranded travelers. But most trains run at 100 percent capacity, so do most Aeroflot flights, so a quick resolution was difficult.

Downpours Slow U.K. Effort To Clear Up Storm Damage

Reuters

LONDON — Britain, still trying to clear up from the violent storm last week, was hit by torrential rain Wednesday, disrupting highway and railroad traffic.

"I've never seen rain like this," said a policeman in the southern county of Sussex, where people had to be evacuated from their homes. The London Weather Center warned of more rain later Wednesday in northern England and Scotland.

In many parts of southern and central England, floods of up to six feet (1.8 meters) deep were reported.

Flood alerts were issued in Kent, in the southeast, which was one of the areas worst hit by the storm Friday. It was the worst storm in Britain in three centuries.

Authorities said Wednesday that 180,000 homes in southern England were without power and that it could be days before lines were restored.

The government has ordered an inquiry into why forecasters failed to predict the hurricane-force winds last week. Hours before the storm struck early Friday morning, meteorologists were predicting no more than "strong winds."

Gorbachev Weighs Trip To U.S. of 1 to 5 Days

By Don Oberdorfer

Washington Post Service

HELSINKI — Mikhail S. Gorbachev's summit trip to the United States will be a one-, three- or five-day visit later this year, assuming negotiations with Secretary of State George B. Shultz produce agreement this week on holding a summit meeting, a member of Mr. Shultz's entourage said Wednesday.

As Mr. Shultz left Helsinki for Moscow by train because of fog at the Moscow airport, State Department sources said that the Soviet leader was considering each of the options but that it was not yet clear which he would choose.

Mr. Shultz, in a news conference shortly before leaving Helsinki, appeared optimistic that the remaining issues standing in the way of a summit meeting could be resolved.

A U.S. official said Mr. Gorbachev's decision about how long to stay in the United States, and thus how much of his prestige to invest in a summit meeting, is likely to depend in part on his assessment of whether the U.S. Senate will ratify a proposed U.S.-Soviet treaty eliminating intermediate-range nuclear missiles.

If ratification appears doubtful, Mr. Gorbachev is likely to choose a one-day, all-business visit to sign the treaty, an official said.

Brighter prospects for ratification could bring Mr. Gorbachev to Washington for a three-day visit, which would include more extensive meetings with President Ronald Reagan aimed at progress toward a treaty on long-range nuclear arms and other accords.

A five-day visit, the official said, would likely include travel around the United States and far more extensive U.S. and international exposure for Mr. Gorbachev in the news media. Even this option would be far shorter than the 13-

day tour by Nikita S. Khrushchev in 1959.

At his news conference, Mr. Shultz said all the issues standing in the way of an accord on intermediate-range missiles have been settled in principle. However, he added that arrangements about how the treaty is to be applied and verified remain to be completed.

Officials in the Shultz party said it was unlikely that a final text of the treaty would be completed by the time Mr. Shultz and Eduard A. Shevardnadze, the Soviet foreign minister, finish their discussions in Moscow late Friday.

If all substantial issues are ironed out, however, the hope among U.S. officials is that the Soviets will agree to the summit meeting without another high-level meeting.

Also at his news conference, Mr. Shultz vigorously defended U.S. actions in the Gulf over the past month. He said the United States should "get a gold star" for attacking an Iranian ship that was laying mines in the Gulf, and he declared, "We will protect our interests."

He also said he planned to talk to Mr. Shevardnadze and other Soviet leaders about the possibility of political change in Cambodia and about the prospects for a peaceful 1988 Olympic Games in Seoul.

The Associated Press

SANTIAGO — Chile's military junta has approved a law that strips convicted Marxists of the right to free speech and empowers the government to suspend them from their jobs and fine news organizations that publish their views.

The bill, approved Tuesday night, also foresees sanctions for any political party that seeks or accepts an alliance with Marxist groups.

Interior Minister Sergio Fernández called the legislation "one of the most transcendental juridical-political steps" since the approval in 1980 of the constitution, which outlawed Marxist groups.

The measure was seen as an attempt to stifle Marxist activity in a single-candidate presidential ballot planned by the rightist government for next year.

President Augusto Pinochet, an

ardent anti-Communist, was expected to sign the bill quickly, making it law.

General Pinochet overthrew the leftist coalition government of President Salvador Allende in 1973.

A constitution was approved in 1980 and provided for a return to democracy after a minimum of eight years.

The new measure applies to individuals or groups convicted of violating Article Eight of the constitution, which bans Marxist activity.

It calls for the confiscation of the state of all goods belonging to individuals and declares that individuals who violate the article "will not be able to exercise their right of public opinion through the communication media."

Under the bill, people who promote or participate in activities organized by such Marxist groups

can be prohibited for up to five years from holding public office, jobs in teaching or journalism and leadership of educational, labor, professional, business and neighborhood associations.

Meesse's Infant Grandson Dies in West Germany

The Associated Press
WASHINGTON — The 14-month-old grandson of Attorney General Edwin Meese 3d has died at his home in West Germany, according to the Justice Department.

Mr. Meese's grandson, Andrew Scott Meese, died overnight Monday, department officials said Tuesday. The child, the son of Mr. Meese's son Michael, died in his crib and the cause of death was not immediately known.

U.S. Grants Asylum to Soviet Dancer

DALLAS (AP) — A Soviet dancer who left the Moscow Ballet last week during his U.S. tour has been granted political asylum in the United States, immigration officials said on Tuesday.

Andrei Ustinov, 32, "has requested asylum and it has been granted; he will be staying in the United States," said Ronald Chandler, director of the U.S. Immigration and Naturalization Service's office here. Mr. Ustinov will perform with the Dallas Ballet on a three-month contract through the year's end.

Asked about his wife and 2½-year-old daughter who are still in the Soviet Union, Mr. Ustinov said through an interpreter that the couple had wanted to get a divorce, but that such a move was difficult in the Soviet Union. He said, however, he would try to bring his daughter to the United States.

U.S. and Honduras Discuss Peace Pact

WASHINGTON (AP) — President Ronald Reagan and President José Azcona Hoyo of Honduras agreed Wednesday to press for full compliance by all parties with the Guatemala agreement for peace in Central America, a senior administration official said.

The official, speaking on condition he not be identified, said the two leaders also agreed that the Contra rebels in Nicaragua should be supported as a means of keeping pressure on the country's Sandinista government to comply with the agreement.

Last week, Mr. Azcona distanced himself from his counterparts in the region when he said the peace accord should be considered null and void if Nicaragua was not in full compliance by Nov. 5. The accord signed by the five presidents Aug. 7 in Guatemala City set a 90-day deadline for meeting its broad goal of halting civil wars in Nicaragua and El Salvador, and lesser conflicts in Honduras and Guatemala.

Spy Aids U.S., Will Get Reduced Term

WASHINGTON (AP) — Sergeant Clayton J. Lonetree, a guard at the U.S. Embassy in Moscow who was convicted of spying for the Soviet Union, has agreed to cooperate with U.S. counterintelligence agents in exchange for a promised 5-year reduction in his 30-year prison sentence, the Marine Corps said Wednesday.

Chief Warrant Officer Randy Gaddo, a spokesman at the Quantico Marine Base in Virginia, said Sergeant Lonetree and the base's commanding officer agreed to an agreement after his August conviction. Sergeant Lonetree agreed to undergo extensive debriefing on his activities while assigned to the American embassies in Moscow and Vienna, and Lieutenant General Frank E. Petersen, the Quantico commander, agreed to the reduced sentence.

"Debriefings are being conducted by counterintelligence specialists in an effort to learn, first, of possible damage to the national security and secondly, the recruitment methods of hostile intelligence services," the spokesman said.

Panamanian Protesters to Defy Ban

PANAMA CITY (AP) — A coalition of opposition groups will go ahead with a mass protest march Thursday in defiance of an official ban, coalition officials said Wednesday. The march is intended to put pressure on the government and to push for the removal of the nation's military leader, General Manuel Antonio Noriega.

The government, headed by President Eric Arturo Delvalle, has outlawed the demonstration and this week arrested 40 opposition leaders. Since the first week of June, when a former military leader made charges of corruption and fraud against General Noriega, there have been demonstrations seeking his removal almost daily.

Opposition forces are gathered in the Civic Crusade, which comprises 107 business and union groups and which called Thursday's protest as a "demonstration of force" against the military-led government.

Caretaker Government Set in Belgium

BRUSSELS (Reuters) — Prime Minister Wilfried Martens of Belgium reached agreement with his coalition partners on forming a caretaker government Wednesday night, the national news agency Belga said.

Belgium's center-right government collapsed Monday over a language dispute and Mr. Martens, 51, was asked by King Baudouin to form an interim government until early elections could be held.

TRAVEL UPDATE

8 More Airlines Join Transport Group

GENEVA (UPI) — The International Air Transport Association on Wednesday reported that eight new airlines have joined the agency to bring total membership up to 136 active and 32 associate members.

It said the new members are Dan-Air (Britain), Flight West Airlines (Australia), Affretair (Zimbabwe), Delta Air (West Germany), Wairair (New Zealand), Air Kuni, West African Airways (Gambia), and Connectair (Britain).

A 4.8-mile-long underwater road tunnel that will connect four islands in western Norway was opened Tuesday by King Olaf. The tunnel links the islands of Ellingoy, Valderoy, Giskoy and Godoy, 300 miles (486 kilometers) northwest of Oslo.

Chile Acts to Strip Marxists of Rights

The Associated Press
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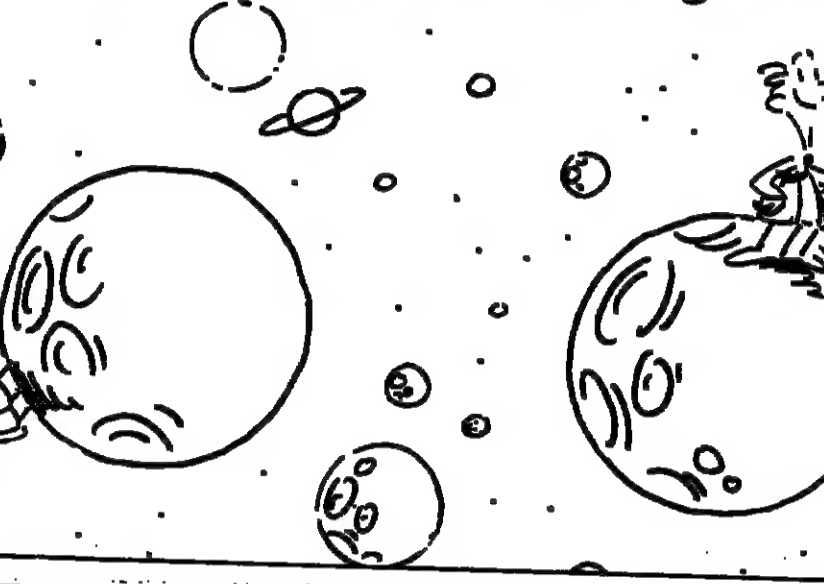
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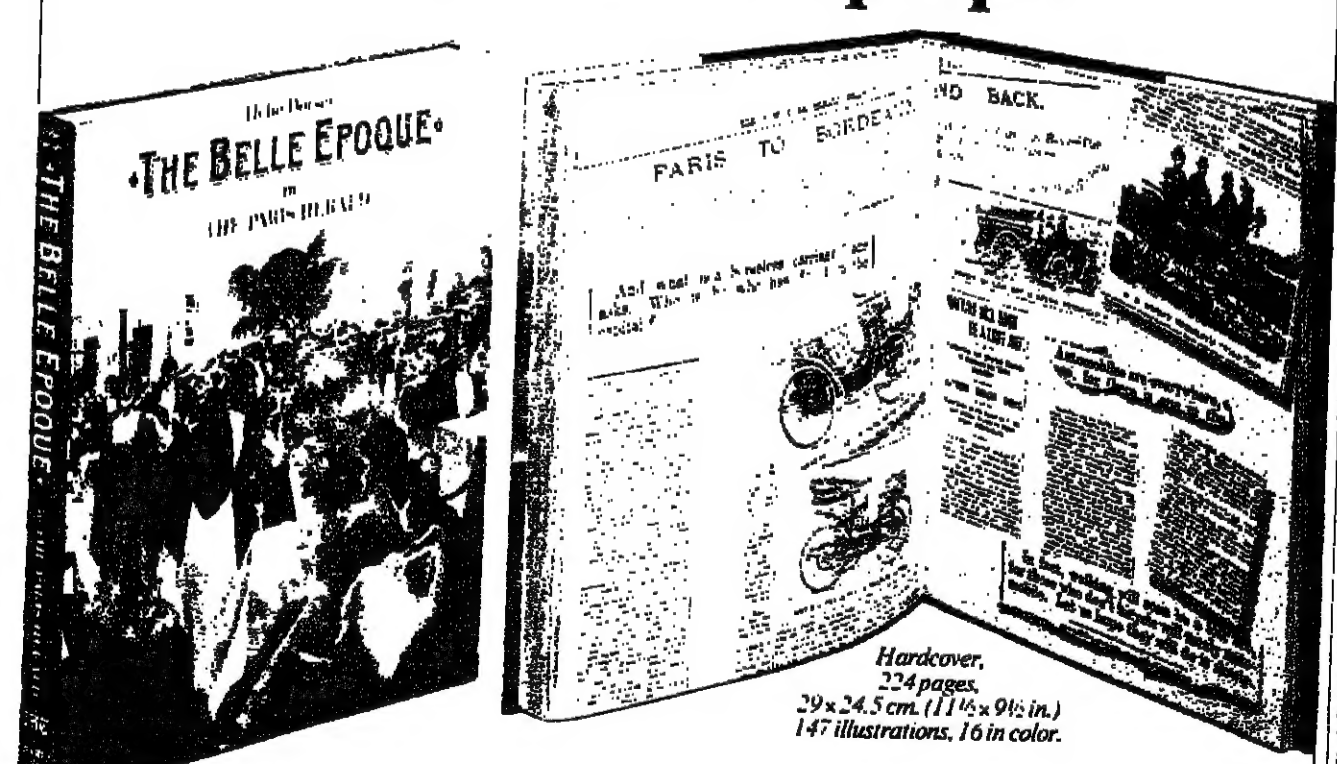
The measure was seen as an attempt to stifle Marxist activity in a single-candidate presidential ballot planned by the rightist government for next year.

President Augusto Pinochet, an

Telecom Geneva 87. A message from Matra:
Understanding each other is good...



On-the-spot reports of an era of great inventions and remarkable people



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President Reagan and

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The Associated Press

WASHINGTON — President Ronald Reagan and Vice President George Bush on Wednesday signed a joint declaration on the

occasion of their first meeting since the election. The declaration, which was drafted by Reagan's staff, called for a "new era of peace and cooperation" between the United States and the Soviet Union.

Reagan said after the signing that the declaration was a "statement of intent" and that he hoped it would serve as a guide for the future relationship between the two superpowers.

He also said that the declaration was a "first step" towards achieving a more stable and peaceful world.

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President Reagan and Prime Minister Gandhi after their meeting in Washington.

Reagan and Gandhi Confer Amid Signs of Increasing Cooperation

By Neil A. Lewis

New York Times Service

WASHINGTON — Prime Minister Rajiv Gandhi and President Ronald Reagan have conferred during a visit by the Indian leader in what U.S. officials characterized as a new atmosphere of increased cooperation.

Leaving the White House after the meeting Tuesday, Mr. Gandhi expressed hope for better relations between India and American officials. He presented a list of initiatives designed to emphasize an effort by both nations to cooperate more.

Mr. Reagan said he "assured Mr. Gandhi that our objective is stability and reduced tensions in South Asia and that our assistance is not directed against India."

Mr. Gandhi has often complained that the United States has not done enough to prevent Pakistan from building nuclear weapons. "We do not have nuclear weapons," Mr. Gandhi said. "We do not want nuclear weapons, and we certainly do not want nuclear weapons in our neighborhood."

The package of initiatives unveiled Tuesday included a decision to go ahead with the joint construction of a new Indian combat aircraft and the resolution of a disagreement over India's purchase of a new American supercomputer. India has maintained close relations with the Soviet Union, and Washington and New Delhi have regarded each other warily for years. But Tuesday, an administration official said Mr. Gandhi appeared to have decided to change the nature of that relationship.

"India is seeking a more balanced relationship between the United States and the Soviet Union," the official said. "Rajiv Gandhi wants the United States to be more of a player and is no longer scared to say so."

Another official said that providing American technology had proved to be a vehicle for improving relations.

Progress had been stalled on the joint production of the light combat aircraft while Indian and American officials negotiated over the variety of high-technology elements to be used for the plane's structure.

Earlier this month, India also settled a dispute over what variety of supercomputer it would purchase from the United States.

American officials said the opportunity to improve relations with New Delhi comes at a time when Washington's relations with Pakistan, India's regional rival, are growing more fractious.

American aid to Pakistan was suspended after Congress declined to extend a waiver to nations suspected of developing nuclear weapons. While congressional leaders informed Mr. Gandhi that the aid was likely to be renewed, administration officials acknowledged that a Pakistani request for advanced early warning radar planes had been pushed back.

India was deeply concerned over the possibility of Pakistan's acquiring the planes, which the administration was preparing to supply to help counter Soviet attacks across the Afghan border.

An administration official said Mr. Gandhi, who was in North America for a meeting of Commonwealth nations in Canada last week, had altered his schedule to confer with Mr. Reagan. The official said the ease with which the visit was arranged was a symbol of improved relations.

But another official cautioned that even with good intentions on the part of both leaders, "there are formidable obstacles to expanding and improving the relationship."

American officials also said they hoped Mr. Gandhi would mute some of his anti-American statements. He recently has suggested in political gatherings that the United States has been trying to destabilize India. An American official said such remarks in a political context "are largely discounted," but added, "That doesn't mean it goes down easily."

Such restraint, as President Herbert Hoover learned, can be precisely the medicine that spurs a depression, several economists said.

What is clear, said Kirk O'Donnell, a Democratic political analyst, is that the Democrats have almost always done best when economics comes to the fore.

By reviving memories of Mr. Hoover, he said, the market slide could undermine what had been viewed as Ronald Reagan's most formidable achievement.

"The Republicans had gone a long way in casting off the image as the party of hard times and creating a new image as the party of prosperity," he said. "This could reverse that progress."

All the Democratic candidates blamed Mr. Reagan's policies, and particularly the budget deficit, for the market's troubles, while remaining generally cautious and conciliatory.

Market's Crash Opens Rifts In Field of U.S. Republicans

By E.J. Dionne Jr.

New York Times Service

WASHINGTON — The stock market's plunge threatens to divide the Republican presidential field, as the party's candidates scramble to contain the damage they fear the downturn on Wall Street may inflict on their chances in 1988.

What may have been the most important statement came from Senator Bob Dole of Kansas, the leading rival of Vice President George Bush.

While his aides insisted that his comments on the Senate floor Tuesday morning were not meant as criticism of President Ronald Reagan, he pointedly said that "someone has to take charge" and called for presidential leadership.

Mr. Dole later softened the impact of his comments by praising a statement by Mr. Reagan expressing his willingness to meet with Democratic leaders to discuss steps to stabilize the economy.

"His statement will reassure American investors," Mr. Dole said.

Nevertheless, his careful effort to distance himself from the White House's earlier tough stand against Democratic budget proposals was one of a number of divisions that opened in Republican ranks.

On Monday, Representative Jack F. Kemp of New York criticized statements last week by Treasury Secretary James A. Baker 3d, which he said had helped set off the stock market decline.

On Tuesday, Alexander M. Haig Jr., former secretary of state under Mr. Reagan, directly criticized the administration's budget policies, saying that they had helped bring on the decline.

Republicans and Democrats saw the Wall Street plunge as most dangerous to the presidential aspirations of Mr. Bush, who has led Mr. Dole in the public opinion polls.

He maintained silence on the market's downturn, but his aides said that he would not abandon the president at a time of crisis. That course, in any event, would be hazardous for a vice president, politicians in both parties agreed.

Democratic presidential candidates continued to criticize the administration for its fiscal and trade policies. But they generally followed the Democratic congressional leadership in emphasizing the need for a bipartisan approach.

Both Governor Michael S. Dukakis of Massachusetts and Senator Albert Gore Jr. of Tennessee issued calls for such action, with Mr. Gore speaking of the need for a "diplomatic summit."

The Democrats' caution also reflected what several economists see as a serious question for the party: whether raising taxes and cutting spending are appropriate tactics if the country is about to enter hard economic times.

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All the Democratic candidates blamed Mr. Reagan's policies, and particularly the budget deficit, for the market's troubles, while remaining generally cautious and conciliatory.

Aides to several candidates said the Democrats did not want to appear to aggravate already jittery markets or to be seen as "talking down" the American economy.

Political leaders agreed that Monday's crash would cast doubt on Reagan administration policies and Republican claims of economic success, even if it did not mark the beginning of a recession.

Mr. Dole's statement on the Senate floor reflected this sense of danger both to the economy and, indirectly, to his party.

"In the final analysis," he said, "someone has to provide the leadership, someone has to take charge, someone has to provide a forum so that we can discuss problems affecting the market and maybe find out what some of the answers are."

"In this country," he continued, "there is only one person who can provide that leadership, and that is the president of the United States."

In response, Mr. Bush's aides insisted that they would welcome a sharp turn away from Mr. Reagan's economic policies by Mr. Dole, arguing that Republicans will remain loyal to the president.

"Anyone who wants to jump away from Reaganomics in the future will look foolish," said Lee Atwater, Mr. Bush's campaign manager. "I would say go ahead, step away from Reaganomics and make George Bush's day."

Reagan News Conference Set

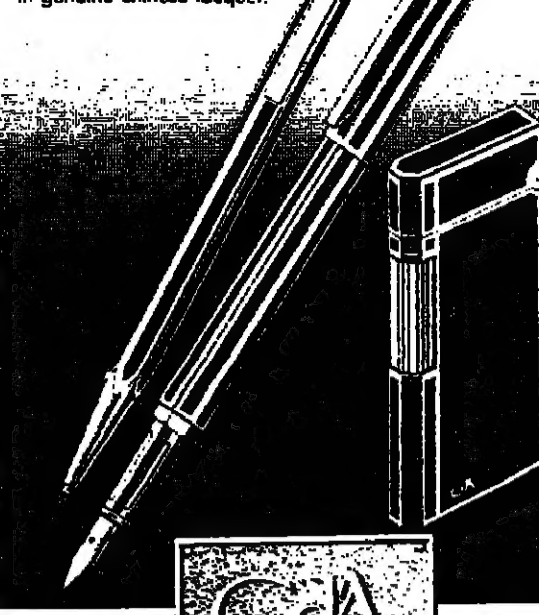
The Associated Press

WASHINGTON — President Ronald Reagan will hold a nationally broadcast news conference at 8 P.M. on Thursday, his chief spokesman announced Wednesday. He did not say whether Mr. Reagan would have anything to announce.

It will be Mr. Reagan's first session with the press since June 11, in Venice, at the end of a seven-nation economic summit meeting. He has had only one formal East Room press conference this year. That was March 19, four months after his previous news conference.

Mr. Fitzwater was asked whether Mr. Reagan would announce a date for a summit meeting with the Soviet leader, Mikhail S. Gorbachev, in view of the move by the two superpowers toward agreement on the final details of a treaty to eliminate intermediate-range nuclear weapons. "It's not the reason for calling the press conference," he said.

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Weinberger Insists He's Not Resigning

New York Times Service

WASHINGTON — Defense Secretary Caspar W. Weinberger ordered his spokesman, Fred Hoffman, to deny categorically and vehemently a report last week by CBS news anchor Katie Couric that Mr. Weinberger wanted to resign.

Mr. Hoffman, calling news organizations even before he was asked, said his boss would leave office only at the end of the Reagan administration.

But reports continue to circulate among senior Pentagon officials that Mr. Weinberger may leave before long. He himself did not flatly deny Monday, saying at a news conference, "When and if there is any change involved, I think you will be either the first or the second to know it."

One official said Tuesday that Mr. Weinberger had been considering leaving for some time. What keeps him there, associates say, is an indefatigable pleasure in his job, the more so when the battle of the budget, military activity in the Gulf, administration infighting over arms control and other causes press upon him.

"He likes the role of Horatio at the bridge," another official said. But his wife, Jane, is not in good health, a consideration that some believe will persuade him to leave at an opportune moment — perhaps not when it is being widely predicted.

Among those considered likely candidates to serve out the remaining months of the administration should Mr. Weinberger depart are his deputy, William H. Taft 4th; former Senator John Tower of Texas; and former Senator Paul Laxalt of Nevada.

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Mr. Le Pen, leader of the National Front and a candidate for president, created controversy when he said last month that the Nazi gas chambers were a "minor point" in the history of World War II.

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Geneva Bans a Speech Scheduled by Le Pen

Reuters

GENEVA — The Swiss canton of Geneva has banned Jean-Marie Le Pen, the rightist French politician, from fulfilling a speaking engagement on Nov. 8 before the International Circle of Economic and Political Studies. The canton said

his presence would be a threat to public order.

Mr. Le Pen, leader of the National Front and a candidate for president, created controversy when he said last month that the Nazi gas chambers were a "minor point" in the history of World War II.

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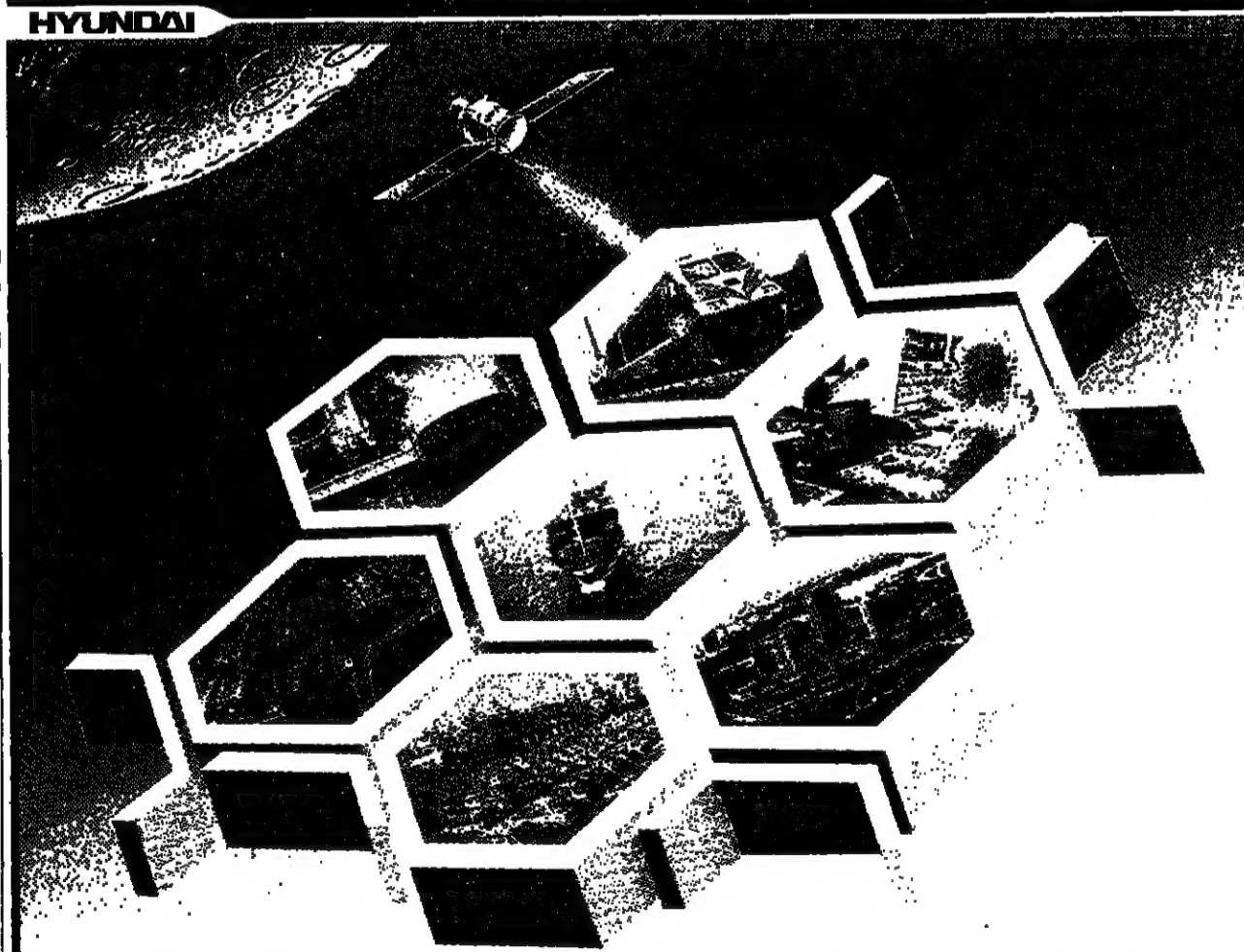
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In Seoul Opposition Bulwark, Eggs and Tear Gas for Roh

By Fred Hiatt
Washington Post Service
KWANGJU, South Korea — The leader of the ruling party, Roh Tae Woo, carried a message of reconciliation into this stronghold of government opposition Wednesday, but received a response that showed the challenge he faces in his campaign to be elected president of South Korea.

Mr. Roh met small, unenthusiastic and at times hostile crowds as he toured this provincial capital, site of a major uprising against the military government in 1980 and stronghold of support for Kim Dae Jung, an opposition leader.

Twice Wednesday, protesters pelted Mr. Roh with eggs and once he was whisked away from demonstrators throwing tear-gas grenades.

Mr. Roh's reception contrasted sharply with the huge, good-natured crowds that greeted Mr. Kim here last month.

Another opposition leader, Kim Young Sam, is also seeking the presidency.

Campaign aides to Mr. Roh, who will be the ruling party candidate in the December presidential election, stressed that Mr. Roh is not seeking to compete with the two Kims in attracting huge crowds. They said he should be praised for venturing into unfriendly territory in an effort to ease the bitterness that courses through this nation's politics.

"When we go to other areas, the response is very different," said

Hyun Hong Choo, deputy secretary-general of the ruling Democratic Justice Party. "This is Kwangju. It's very understandable."

When a group of army generals, including Mr. Roh and the current president, Chun Doo Hwan, seized power in a 1980 coup, soldiers here gunned down large numbers of unarmed protesters. The government acknowledged killing about 200 civilians, while many Kwangju residents insisted 2,000 died.

The government never apologized for the incident, but instead branded the casualties as lawless rebels. Kwangju became a rallying cry for opponents of the Chun government.

Now Mr. Chun has promised to step down as president and his comrade, Mr. Roh, is seeking to succeed him in South Korea's first free election in 16 years. Mr. Roh met with relatives of the Kwangju victims Wednesday and promised

for the first time to erect a monument in their honor and pay financial compensation if he is elected.

His appeal won support from some, but many others remained hostile. Several mothers of youths killed in the Kwangju uprising pelted him with eggs and shouted "Murderer go home!" as he entered a gymnasium for an indoor rally Wednesday morning.

Mr. Roh was splattered but unharmed, and he later shrugged off the incident as a "spicy byproduct on our road to democratization."

But he seemed to generate little support, even among those who turned out to greet him. A 25-year-old teacher trainee waving a flag as he passed said that she had come only out of curiosity and that most of the other dozens of onlookers were party or government officials.

"If he tried to hold a mass rally here like Kim Dae Jung, stones would pour down on him," she said.



Roh Tae Woo and aides fleeing tear gas Wednesday in Kwangju, South Korea.

Indian Police Arrest 250 Near Main Sikh Shrine

The Associated Press
AMRITSAR, India — Police raided the complex around the holiest Sikh shrine Wednesday and arrested 250 people in an effort to block a scheduled rally by militant Sikh separatists.

Meanwhile, in New Delhi, a police alert was declared after suspected Sikh extremists killed 11 civilians in overnight attacks.

Police and troops entered the

day morning and searched guest houses and offices, a police spokesman said. Police and troops did not enter the temple itself, he said.

Past raids on the temple have enraged members of the minority Sikh religion. In June 1984, the army seized control of the shrine, leaving an estimated 1,200 people dead, mostly Sikhs. Among the complex surrounding the Golden Temple in Amritsar early Wednesday

was Jarnail Singh Bhindranwale, a militant Sikh preacher. Former Prime Minister Indira Gandhi, who ordered the June raid, was assassinated in October of that year by her Sikh bodyguards.

Police have carried out several searches recently around the temple in an attempt to round up Sikhs fighting for a separate nation in Punjab. Militants were scheduled to hold a rally Thursday to discuss forming a council that would rule their separate nation.

A Sikh spokesman said most of those arrested Wednesday were pilgrims visiting the shrine. Police said women and children were among those seized and would probably be released soon. A spokesman for militant Sikhs said the *sarbat khalsa*, or general convention of Sikhs, would be held Thursday as planned despite the police action.

The militants have said they want the meeting to approve a so-called Khalistan Council to rule their nation. Khalistan, meaning land of the pure in the Punjabi language, is the name the radicals use for the homeland they hope to establish.

Earlier this week, police arrested the three Sikh high priests who called for the convention. Police on Wednesday imposed a round-the-clock curfew in Amritsar, then lifted it from 2:30 P.M. to 5 P.M. to allow people to go shopping.

In New Delhi, gunmen suspected of being Sikhs shot and killed 11 civilians in overnight attacks. Extra police were deployed to control angry residents who gathered in middle-class New Delhi neighborhoods where most of the victims died, police said.

Police shot and killed one of the attackers and were searching for

two others. The attackers opened fire with automatic rifles in at least three neighborhoods, with one attack aimed at a party held in advance of the Hindu holiday of Diwali, the festival of lights, which falls on Thursday, police said.

Tuesday's killings marked the third time suspected Sikh extremists had gone on a shooting spree in New Delhi in the last four months. On July 30, two members of a Hindu-dominated political party were killed. Sikh militants killed 14 people in a series of attacks on June 14.

Militant Sikhs have killed more than 840 people this year. Most of the victims were Hindus or moderate Sikhs. Although Sikhs are a majority in Punjab, they make up only 2 percent of India's almost 900 million people.

Sikhs allege discrimination by Hindus, India's majority.

Indians and Tamils Both Claim Control of Jaffna

REUTERS
JAFFNA, Sri Lanka — Hundreds of heavily armed Tamil rebels were still in control of Jaffna despite Indian claims to have captured central parts of the port city.

Guerrillas moved freely Tuesday in the center of the city to demonstrate their control after a 12-day Indian assault that the rebels said had cost more than 650 lives.

In the first independent eyewitness account of the fighting in Jaffna, a Sri Lankan correspondent for Reuters said the Liberation Tigers of Tamil Eelam were holding off the Indian troops at the outskirts of the city.

A spokesman for the Indian government in New Delhi said Monday that its troops were "mopping up" after seizing central public buildings in the face of stiff opposition. The External Ministry spokesman said a column of troops from the west had linked up with

paratroops from Jaffna Fort and seized the city center.

About 17,000 Indian troops are in Sri Lanka trying to enforce a peace accord signed July 29 between representatives of the Tamils and the Sinhalese majority.

Tens of thousands of civilians have become refugees in their own city. About 50,000 were huddled for safety in and around the large Hindu Nallur temple.

"I saw a lot of people with gunshot wounds including some boys and girls," said a medical student who had sought shelter in the temple. She said two people had died of dysentery.

She said refugees shuttled back and forth to their homes to collect food and many had been wounded in the cross fire between the Indians and the rebels.

Indian troops launched the latest assault against the guerrillas on Oct. 10 after the rebels, who are demanding an independent homeland in the north of the country, repudiated the peace accord and killed about 200 Sinhalese.

Hundreds of people were seen streaming out of the Jaffna Peninsula in buses, lorries and cars flying white flags.

Indian soldiers manned checkpoints on main roads leading to the city.

Refugees said both sides had committed atrocities in what was the most violent fighting during four years of ethnic violence.

"Anyone in the world valuing human life should step in and stop the annihilation in Sri Lanka," said R. Balasubramanian, president of the Jaffna Red Cross.

He described the population at Jaffna as being under constant threat from artillery shells and bursts of machine-gun fire from Tamil and Indian positions.

Hundreds of buildings bore the scars of bullet, grenade and artillery fire.

An official at the Jaffna hospital said, "There is no electricity, wards are in darkness except two emergency rooms and there is no water."

"We have blood that can only last three weeks and quite a number of patients are dying. We are also short of drugs," the official said. He said there were 557 people

in the hospital being treated for wounds sustained in the fighting.

A Tamil leader put guerrilla losses in the offensive at 51. He said that 300 Indian troops and another 300 civilians had been killed.

The Indian High Commission in Colombo said Wednesday that 607 rebels had been killed and more than 280 captured. Indian losses were put at 127 dead, 379 wounded and 77 listed as missing.

Neither set of figures could be confirmed independently.

A guerrilla commander identified only as Yogi said that, "In world history guerrilla fighters are not defeated and we won't be either."

"We can last till we are killed," another rebel fighter said.

Burkina Faso Eases Curfew

The Associated Press
OUAGADOUGOU, Burkina Faso — A dusk-to-dawn curfew, imposed after the coup last week in which President Thomas Sankara was killed, has been shortened by two hours, state radio said Wednesday.

DOONESBURY



South Africa Seeks Allies Among Island Neighbors

Foreign Aid Program Brings Cattle And Rumors to Equatorial Guinea

By James Brooke
New York Times Service

MOKA, Equatorial Guinea — High on a flank of an extinct volcano here on the island of Bioko, Hilton Lack sat down to a ranch breakfast after radioing his daily herd report to South Africa.

"South Africa is isolated and looking for friends," the burly rancher said between bites of steak from cattle raised on the island. "We are trying to show people we are not devils with horns."

South African aid workers first arrived in November 1985 in Equatorial Guinea, a small nation on the coast of West Africa south of Nigeria. Embarking on a \$700,000-a-year aid program, they now raise sheep and beef cattle, offer free medical assistance to villagers and are rebuilding a 16-mile (26-kilometer) mountain road from Moka to the sea.

Their presence in the former Spanish colony is part of a new South African policy to win friends on small African islands with big airfields. Equatorial Guinea consists of Rio Muni, on the continent, and several islands, including Bioko, the largest, in the adjacent Gulf of Guinea.

On the east coast of Africa, the South Africans have started similar cattle-breeding projects in the Comoro Islands and on Mauritius. Western diplomats speculated that the South Africans invest in Bioko as insurance against tighter

trade and transportation sanctions. South Africa's airline, which has been denied landing rights in many continental African nations for years, may want to use the international airport at Malabo, the nation's capital, to lessen its reliance on Cape Verde, where many of its long-distance flights refuel. Malabo is 1,000 miles from Cape Verde in the eastern Atlantic nearly 400 miles west of Dakar, Senegal.

If trade sanctions are tightened, South Africa could maintain its trade links with the outside world by transshipping imports and exports through Malabo, a deepwater port.

Indeed, when a planeload of South African businessmen flew into Malabo last week, the small seaport of 25,000 residents was abuzz with rumors that the South Africans had come to buy Nigerian oil through intermediaries in Equatorial Guinea.

Ninety miles north of Bioko is Calabar, Nigeria, a major oil-exporting port for sub-Saharan Africa's largest oil exporter, but Nigeria, the world's most populous black-ruled nation, is hostile to the South African presence in Equatorial Guinea.

"We know and everyone knows that the South Africans are here," the Nigerian ambassador, Festus B.I. Forbani, said in an interview in Malabo. "We are waiting to see if anything develops out of this that threatens our security."

Uganda-Kenya Ties Take A Turn for the Worse

By Sheila Rule
New York Times Service

NAIROBI — A crisis in relations between Uganda and Kenya has deepened, with Uganda stationing troops at the border and Kenya pledging to retaliate against any Ugandan attempt to cross the frontier in pursuit of rebels.

Tensions between the two East African countries, which have long been uneasy neighbors, began rising last year. Each has accused the other of harboring and assisting insurgents, a charge that both nations deny.

President Yoweri Museveni of Uganda, whose army is fighting several groups of rebels in areas of northern and eastern Uganda that border Sudan and Kenya, recently said troops would be stationed permanently along the border to halt guerrillas from making cross-border raids from Kenya.

Uganda said Kenya-based rebels were killing civilians, including elected government councilors. It has given the authorities here a list of people it says are using Kenyan territory to help the insurgents, but one Kenyan official has called the names on it fictitious.

"We know the identities of these thugs and their exact locations in Kenya," an administrator in the Ugandan border district of Tororo said recently. "And these details have been handed over to the Kenyan authorities. Unfortunately, the Kenyans have not responded."

Kenya's president, Daniel arap Moi, who has cracked down on a clandestine group seeking to topple his pro-Western government, warned last month that any attempt by Uganda to send troops across the border would be met with fierce retaliation. Uganda has said it has no plans to pursue rebels into Kenya.

Earlier this month, Justus Ole Tipis, the Kenyan minister of state who is responsible for defense and security in the office of the president, denounced the stationing of Ugandan troops on the border as a "hostile act short of declaration of war against Kenya."

The situation has been further strained by a recent influx of Ugandan refugees into Kenya's border district of Busia. More than 2,000 refugees have crossed into the district to escape fighting between government troops and guerrillas in southeastern Uganda. The refugees have told reporters that Ugandan government soldiers abused them and falsely accused them of supporting rebels reportedly based in Kenya.

Some Kenyan administrators have appeared suspicious of the refugees, suggesting that some could be rebels seeking to use Kenya as a base for raids across the border.

Press reports have added ammunition to the mounting war of words, with newspapers here and in Kampala, Uganda's capital, publishing what the two governments consider hostile propaganda.

A recent report in The Standard newspaper in Nairobi said Kenyan youths recruited by Libya had received "hard-core commando training" in Tripoli and were now back in Uganda. Local press reports this year asserted that Uganda had helped 200 Kenyan dissidents travel to Libya for military training to overthrow Kenya's government.

Tensions between the two countries began rising sharply in September 1986, when Colonel Moammar Gadhafi, the Libyan leader, visited Uganda.

Japanese Decide To Base New Jet On the U.S. F-16

Agence France-Press

TOKYO — The Japan Defense Agency decided Wednesday to adopt the U.S. F-16 fighter made by General Dynamics Corp. for replacing its aging F-4 Phantom II fighters into a new Japanese support fighter, in the first joint development program, Japanese sources said.

The General Dynamics plane had been in competition with the F-15, made by McDonnell Douglas Corp. The agency's director-general, Yukio Kurihara, and Defense Secretary Caspar W. Weinberger, agreed during recent talks in Washington to remodel the U.S. F-15 or F-16 fighter into a new Japanese plane, code-named the FSX.

The decision will be made formal at a meeting Friday of Japan's National Security Council, which is to be chaired by Prime Minister Yasuhiro Nakasone, the sources said. The agency chose the F-16 mainly because of its lower cost, due mainly to fuel efficiency. Each FSX is expected to cost \$30 million to build.

The F-16 can also use more Japanese technology, including an advanced radar system called phased-array radar, officials said. The remodeled F-16 will have larger main wings, capable of carrying four air-to-ground missiles, they said.

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Iranian Says Retaliation Against U.S. Will Not Be Confined to Gulf Region

United Press International
BONN — A senior official of Iran's Foreign Ministry said Wednesday that retaliation for the destruction of an Iranian oil platform Monday would not be confined to the Gulf.

Ali Ahani, general director for political affairs in the ministry, said a news conference in the Iranian embassy that he hoped Iran would answer the U.S. naval attack soon. "We have been restrained," he said. "But this last attack will get an appropriate answer."

Asked if U.S. bases in countries in the Gulf region would be attacked, Mr. Ahani said Iran would not violate the sovereignty of other nations to attack the United States. "But this does not mean we will restrict our answer to the Gulf," he said.

He said Iran was studying various plans of retaliation to be executed at the proper time.

Senate Backs Reagan
The U.S. Senate voted unanimously Wednesday to reaffirm President Ronald Reagan's authority to protect U.S. servicemen and

ships in the Gulf. The Associated Press reported from Washington.

The proposal was introduced by Senator Bob Dole of Kansas, the Republican leader, who told his colleagues: "I think the president has the right to do what he is doing, not make war, but protect the international shipping lanes."

The 94-0 vote on Mr. Dole's amendment came as the chamber worked toward probable approval of a measure delaying until next year any substantial decision on whether to approve Mr. Reagan's overall policy in the Gulf region.

On a separate but related issue, the Senate delayed any decision on whether to try to invoke the War Powers Act until after it votes on Mr. Reagan's nomination of Judge Robert H. Bork to the Supreme Court.

Mr. Dole's amendment was attached to a pending resolution. That measure requires a detailed report from Mr. Reagan within 60 days, answering a variety of questions about his policy of refueling 11 Kuwaiti tankers and protecting them with navy convoys in the Gulf.

Then, 30 days later, the Senate would vote on a resolution expressing either support or disapproval of Mr. Reagan's policy.

3 Warships Join Convoy

Three more American warships joined a convoy of U.S.-flagged Kuwaiti tankers Wednesday as it resumed its voyage out of the Gulf, The Associated Press reported from Manama, Bahrain.

Gulf shipping sources said the latest convoy, which stopped overnight north of Bahrain, would sail past the smoldering oil platform that U.S. warships shelled Monday.

The Pentagon said the convoy was composed of the 79,999-ton product carrier Ocean King, the 46,723-ton liquefied petroleum tanker Gas King, the navy frigates Ford and Hawes, the cruiser Standley and the amphibious landing ship Raleigh.

Shipping sources, speaking on condition of anonymity, said the two tankers, accompanied by the Ford, linked up with the other three U.S. warships overnight.

Poll Finds 76% Support U.S. Attacks

The Associated Press

WASHINGTON — The U.S. attack on Iranian installations in the Gulf is supported by 76 percent of those queried in an ABC-Washington Post poll, and 63 percent would like to see even stronger U.S. action.

The telephone poll of 507 people was conducted Monday after U.S. warships attacked Iranian offshore military installations. U.S. ships shelled two oil platform structures, destroying one and setting another ablaze.

Of the respondents who had heard or read of the attack, 76 percent said they approved of the action and 22 percent disapproved. Two percent had no opinion.

Asked about the level of the U.S. action, 63 percent said they believed it was not strong enough, 21 percent felt it was strong enough and 13 percent felt it was too strong.

On another question, 80 percent of those polled said they believed that the U.S. should maintain a military force in the Gulf. Seventeen percent did not agree with an American military presence in the Gulf and 2 percent had no opinion.

Asked if the U.S. presence in the Gulf was important enough to risk war, 67 percent said yes, 30 percent said no, and 2 percent had no opinion.

The poll had a margin of error of plus or minus 3 percentage points.

Saint Laurent's Sobriety And Playtime Fantasies

By Bernadine Morris
New York Times Service

PARIS — The Yves Saint Laurent collection ended in a flurry of models twirling down the stage Wednesday in pastel-colored tunics with the ribbons of their satin espadrilles tied around their ankles. They were joined by men in jeans, white shirts and colorful satins carrying posters that read "Homage David Hockney."

The collection seemed mysterious until the designer explained that he wanted to honor the British painter "for his wonderful

PARIS FASHION

colors and all the work he has done for the theater." He also wanted to end his show "on a note of celebration," he added. The dancing girls accomplished that.

It was not a bad idea, considering the depressing number of baby clothes and vamp outfits that have dominated the runways of most designers this week. In making their point that clothes are going to be short — it is practically the only point they made, if you don't count the unusual emphasis on old-time accessories such as hats and gloves — designers seemed to lose sight of the fact that they were making clothes for grown-up women to wear to work as well as to play.

The fluffy Saint Laurent ballet dresses in red, white and pastel tulle are obviously meant for dancing. But before they appeared, there were plenty of relatively serious styles such as well-tailored double-breasted jackets and collarless jackets fastening with one button at the waist. In wool or colored leather, they were the fulcrum of daytime outfits that could be practical (add a dark skirt) or jazzy (add a gold leather skirt or, livelier still, two fabric pants, with shiny gold leather in front, black suede at the back.)

Pants were a sign of the designer's relative sobriety. Unlike many designers who banished trousers to fashion limbo because they didn't want to interfere with their short skirt message, Saint Laurent gave them a place in his current fashion picture. Most of his trousers are thin and tapered, but he showed full harem pants in bold stripes or prints for play. Bermudas, billowing bloomers and tight bicycle pants are also part of his spectrum.

His playtime clothes are filled with fantasies such as ruffled necklines falling off one shoulder, cotton dresses with flouncy tiers and corselet tops with full skirts or bicycle pants. There is even the obligatory flirt with nudity, such as the bra made of two pompons and the striped miniskirt, not quite long enough to cover black underpants.

Still, the designer deserves credit for not losing his head because of the new hemlines. He makes it possible for women to look tidy, though of course they can choose to look ridiculous.

At the dinner party she gave at the Residence Maxim after her show Tuesday night, Jacqueline de Ribes wore a coral-colored crepe dress with tiny ruffles spiraling around the skirt. Dianne deWitt wore a de Ribes black stretch-cloque dress with a white organza collar that she had modeled in the show. The sultry designer and the blond model both looked distinguished in dresses that stopped a handspan above their knees.

A perennial on best-dressed lists in the five years since she decided to make clothes rather than buy them, she has developed her own way of doing things. Her short clothes never look skimpy. She favors wide midriffs, full above and below the hipbone. Further softened by frilly tiers and fluttery pleats, her short clothes look easy to wear as well as topical.

As an alternative to the frivolous short



Saint Laurent's see-through tiger-striped cocktail dress.

evening dress, she suggests navy and white silk pants topped by a white lace blouse twinkling with sequins. Her long dresses, in assertive colors such as royal blue, hot pink, turquoise and violet, continue her specialty, but she has shown her biggest growth as a designer in her daytime clothes.

"She has revived the old-time glamour," said Lynn Manulis, president of Martha's. "Every woman in Palm Beach will want to look like that."

MIDEAST: Israel, Jordan and U.S. Discuss Peace Talks

(Continued from Page 1)

ates and the Soviet Union would join an umbrella for direct talks between Israel and Jordan, and any other Arab states that might want to attend, as well as a Palestinian delegation. A similar arrangement was used in the 1973 Middle East peace conference in Geneva.

Under such a format, Hussein could feel that he has the "cover" of the Soviet Union against radical Arab critics. Mr. Shamir could feel that he is getting direct negotiations with Jordan, without having country exposed to pressures on a variety of extraneous states, which might have been invited to a

full-fledged international conference, the Israeli official said.

Although Mr. Shamir adamantly opposes an international conference format, he agreed that Mr. Shultz could explore this compromise proposal with Hussein and the Soviet Union.

Mr. Shamir and Mr. Peres also have set tough terms for Soviet involvement, which Mr. Shultz will convey to Moscow.

First, the Israelis are insisting that Moscow restore full diplomatic relations with Israel, which the Kremlin severed in 1967, before the Soviet Union can attend.

Second, the Israelis are demanding a substantial shift in Soviet emigration policies to allow for a large

number of Soviet Jews to come to Israel.

Mr. Peres is ready to discuss a specific quota of Soviet Jews to be freed, while Mr. Shamir is demanding that the Kremlin accept the principle that all Soviet Jews have the right to return to their homeland, a much tougher demand, an Israeli official said.

Moscow has repeatedly declared that it would not resume diplomatic relations with Israel until it withdrew from the territories it occupied in the 1967 war.

As for the question of Soviet Jewry, Moscow has always said that this was an internal affair and not a subject for bilateral negotiations.

NOBEL: Economics Winner Blasts Reagan Policies

(Continued from Page 1)

etic and maybe even the president have come to understand the nature of the economic problems faced over the last several years. The principal problem that must be dealt with, he said, aside from huge U.S. trade and budget deficits, is America's "extremely low productivity."

"That can't be changed in a short time," he said.

Since arriving at MIT, his first job only teaching job, in 1950, Mr. Solow has specialized in how economies can expand and increase productivity.

He won the \$240,000 Nobel prize "contributions to the theory of growth," the award citation said. Mr. Solow's work in the 1950s on factors affecting long-term economic growth resulted in a set of statistical measures that are now standard tools used to measure

the impact of labor and capital on a nation's economy.

"He has been a pioneer in several areas," said a MIT colleague, Franco Modigliani, winner of the Nobel Prize for economics in 1965. "With his work on economic growth he picked up a lot of ideas that have been used ever since."

Mr. Solow said his main, and most surprising, discovery, made in the 1950s, was that "the level of technological advancement outweighs simple capital formation by a large margin" in determining the ability of an economy to grow.

American Dominance

Mr. Solow was the 15th American in 18 years to win the economics prize, the next to last awarded announced in this year's Nobel series, United Press International reported from Stockholm. The literature prize will be announced Thursday.

Professor Assar Lindbeck, chairman of The Royal Swedish Academy of Sciences awards committee, said "technological development will be the motor for economic growth in the long-run."

"In Solow's model," he added, "if continuous technological progress can be assumed, growth in real incomes will be exclusively determined by technological progress."

The economics prize was established by the Bank of Sweden in 1968 and has been dominated by Americans. Of the 25 economists who have won or shared in the prize, 15 have been from the United States.

"The American dominance is a problem, but what can we do — they deserve it," Mr. Lindbeck said. "European social sciences were wiped out in the 1930s by Hitler."

TAXES: Reagan to Listen to Foes' Ideas

(Continued from Page 1)

is shifting his attitude toward co-operation on deficit-cutting because, "It was decided that this was an area that we could make some movement, show some leadership — the markets and deal with the problem of market volatility."

He said Howard H. Baker Jr., the White House chief of staff, was briefing congressional leaders of both parties and, along with other presidential aides, might meet with them at the Capitol.

For the first time, Mr. Fitzwater acknowledged what other aides, including the budget director, James A. Baker 3d, and the treasury secretary, Reginald D. Finkelstein, had said: the massive budget deficit was one of the factors behind Monday's stock market drop. He also said the president felt that negotiations were preferable to the automatic budget cuts called for by law so political compromise is needed.

On Tuesday, after the markets fell, Mr. Reagan said, "I am

willing to look at whatever proposals Democrats might make on raising taxes. But later, Mr. Fitzwater reiterated the president's opposition to new taxes above the \$22 billion in "additional revenue" he had proposed in his budget.

On Wednesday, Mr. Fitzwater said, "We don't rule anything in or out" in the negotiations. He said: "All possibilities are now open." "We start with a clean slate," and "Everything is on the table for discussion."

But he quickly added, "That doesn't mean the president feels any different about the destructive nature of raising taxes."

In his remarks Tuesday, Mr. Reagan tried to caution nervous American investors against "panic," saying he has "great confidence in the future."

Meanwhile, economists and analysts said that the Federal Reserve apparently injected new cash into the nation's financial system in late morning in a further effort to prevent the stock market turmoil from spreading through the economy.

The Fed took similar steps on Tuesday after its chairman, Alan Greenspan, said the central bank was ready to "serve as a source of liquidity."

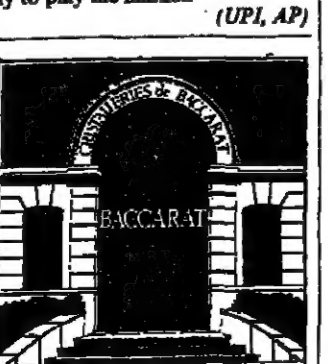
Mr. Reagan, following discussions Tuesday with Mr. Baker and Mr. Greenspan, told reporters he had been in contact with foreign leaders on economic coordination measures.

He also called for lower interest rates.

"There's nothing in what has happened here that should result in a recession," the president declared Tuesday. "The economic fundamentals in this country remain sound, and our citizens should not panic. And I have great confidence in the future."

Reviewing administration actions, Mr. Reagan said, "We've been in constant contact with financial leaders... with the exchanges around the world and with market participants. While I remain concerned, I'm pleased that the steps taken by the Federal Reserve have had a salutary effect on the markets. Interest rates are down across the spectrum."

He was referring to the Fed's guarantee to banks that they could continue lending to shore up big investors who had borrowed heavily to play the market.



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Soviet Mental Wards Are Called Prisons

By Gary Lee
Washington Post Service

MOSCOW — A former KGB agent just released from a five-year stay in a mental clinic for passing information to the West, has described harrowing conditions faced by Soviet citizens who run afoul of the law and are placed in psychiatric hospitals.

According to Vladimir Titov, his years in the Orlov psychiatric hospital were a "horror" months of lying motionless on the bed, watching patients turn to suicide, and being given so many forced injections that his tongue swelled.

Mr. Titov, 49, was hospitalized in 1982 after telling Westerners that Soviet prison labor was being used to build the gigantic Siberian natural gas pipeline.

In all, he spent 12 years in mental clinics after abruptly ending a five-year tour with the KGB security police in 1961.

Freel last week, Mr. Titov was given a visa to Israel and ordered to

leave the Soviet Union by the end of this month, he said.

His account was buttressed by those of other former patients at a news conference offered by dissidents for Western journalists Tuesday, and by interviews with other ex-patients.

These accounts highlight the use of one of the harshest punishments the Soviet Union has used to crack down on political dissidents: hospitalization.

Under the current human-rights thaw, some of the best-known Soviet dissidents hospitalized for their political activities have been released.

Earlier this year Anatoli Koryagin, a psychiatrist imprisoned in 1981 for examining a number of dissidents who had been placed in mental hospitals and diagnosing them as sane, was set free and allowed to emigrate.

In an article published recently in the government newspaper, Izvestia, a Soviet journalist and legal expert complained of abuses of Soviet psychiatry and proposed revi-

sion of the terms under which patients are confined.

Mr. Titov and other Soviet dissident sources charged, however, that conditions in the clinics were worsening and that political dissidents were still suffering alongside actual mental patients.

The number of political prisoners in mental hospitals is unknown. Some Western sources estimate it at about a thousand.

It must be "several thousand," Sergei I. Grigoryants, a former political prisoner and editor of the independent periodical Glasnost, said Tuesday.

As editor of a new journal devoted largely to Soviet human-rights issues, Mr. Grigoryants said, "I see two to three cases every day" of people who have just been released from a term in a mental hospital for some political offense.

"There must be hundreds of such cases that we know nothing about. Until now I had not realized the magnitude of this problem."

One of the biggest difficulties is controlling the terms under which patients are confined in hospitals, he said.

"Under the current situation, any local official can have an opponent or someone he doesn't like committed for an indefinite period of time," he said. "There is no trial, no sentencing and no one to oversee whether the decision was correct or not."

According to Mr. Titov, 11 patients committed suicide during his five-year stay at Orlov, including one who went to the top of the fire escape and jumped off.

Mr. Titov and other former patients interviewed said inmates in mental hospitals include many accused of anti-Soviet propaganda, workers who complained about working conditions, and Baptists and those of other religions.

The lengths of confinement vary. Vladimir Shapilo, 70, has been in a mental hospital for 38 years, said a spokesman at the news conference.

White House Pollster Joins Dole's Campaign

United Press International

WASHINGTON — Senator Bob Dole of Kansas added Richard Wirthlin, the White House pollster, to his presidential campaign staff on Wednesday.

Mr. Wirthlin, who had joined the campaign of former Senator Paul Laxalt of Nevada before it folded earlier this year, called Mr. Dole "the most electable Republican in a strong field of candidates."

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Herald Tribune

Published With The New York Times and The Washington Post

The World Has Changed

Leadership! Summit! Negotiate! The chorus from Congress may finally have got its message through to the president. Maybe he is willing to talk, he says. He should be. The yearlong stalemate on the budget deficit and the foreign trade bill helped trigger the stock market crash.

The budget confrontation is immediate and urgent. The Gramm-Rudman-Hollings law orders a 10 percent cut in this year's spending for defense and an 8.5 percent cut in social programs — unless the president and Congress agree by Nov. 20 on a different package. Either way, Congress has eased the agony by rewriting the budget law to postpone larger cutbacks until after next year's elections. Such transparent procrastination says that huge deficits are here to stay, no wonder investors are frightened.

It is widely agreed — outside the White House — that there cannot be adequate deficit reduction without increasing taxes. Congressional Democrats are willing to risk the unpopularity and, despite the president's veto threats, have prepared legislation that would satisfy the revenue need. But Republican members of the tax committees boycotted their sessions, and the bills show it.

The House committee bill includes some of the rich features that may have added to the market scare. The Senate bill is less controversial but spiced with some new special favors. Raising taxes on energy would be simpler and more sensible than either of these bills, but the Democrats understandably chose a less visible course. They deserve credit for doing as much as they have done. If the administration will now talk about a compromise instead of blustering about a veto, good groundwork has been laid.

A veto threat hangs over the trade bill, too. Mr. Reagan correctly sees that both House and Senate versions would make America less competitive, imposing crippling obstructions on imports and on its authority to negotiate freer trade. There has been little action to reconcile the two bills. There are 17 conference committees; only one has met. They may yet trade away the bad features of both bills, as the administration wants. But, incredibly, some congressional leaders now say that the financial crisis makes protectionist legislation all the more urgent.

Wall Street's jarring reminder that America is not an island should move Congress to adopt legislation that shrinks the budget deficit and expands foreign trade. In an interdependent global economy, America must first do its part. With clean hands, it could then ask its allies to do theirs.

As recently as 1971, one economy and one currency dominated the globe. When President Nixon unilaterally scrapped the rules of international finance set three decades earlier, the rest of the world had to tag along. But now 16 years of rapid trade and investment growth have locked the U.S. economy to that of the rest of the world, and six years of domestic budget mismanagement have eroded America's capacity to lead.

Many analysts believe that Monday's trillion-dollar fall in securities values worldwide was triggered by Treasury Secretary James Baker's public quarrel with West Germany over interest rate policy, culminating with a casual threat to let the dollar slide. Others blame disappointing U.S. trade figures. Whatever the trigger, the lessons are clear: America cannot stabilize its economy by acting alone; and no program to shore up world prosperity is likely to succeed without support from Japan and West Germany.

Priority one for the United States is to tighten its fiscal belt, reducing dependence on foreign capital for growth. But that is a sure recipe for recession unless Japan and West Germany rush to fill the slack in world purchasing power. Both economies are operating far below capacity. Indeed, the Federal Reserve is suffering 9 percent unemployment and is barely growing. Both economies would be badly hurt if exporters were left naked against falling American demand.

Then why are they reluctant to serve the interests of the world economy by serving their own? Each has a conservative government that attributes spectacular postwar economic success to fiscal orthodoxy and believes that even a hint of inflation would mark the first step to political chaos. Each, moreover, has an effective social welfare safety net that cushions the political consequences of chronic unemployment.

Japan has been committed for months to substantial fiscal stimulus, but at the moment it is in the midst of a change in prime ministers. West Germany, stung by its role in precipitating Black Monday, did offer a small cut in interest rates on Tuesday and renewed its commitment to work with the United States to prevent a run on the dollar.

But these are tokens, not fundamental changes in policy. The unanswered question is whether West Germany could finally be moved to act by a dramatic turn in U.S. policy, combined with fear of further turmoil in the securities and currency markets.

There is an immense irony in this crisis of political will and economic confidence. The bricks and mortar of the world economy have never been so solid. The integration of markets that has put the world economy at great risk has also facilitated rapid growth in Asia and Latin America, and driven centrally planned economies toward long-overdue reform. The economic prospects can be incredible, if only political leaders can meet the challenge of economic interdependence.

— THE NEW YORK TIMES

America Has a Choice

The basic cause of the collapse in stock prices is anxiety over the prospect of rising inflation and interest rates, both of which are bad for stock prices. The anxiety is being generated chiefly by the gigantic American budget deficit and the trade deficit that is closely linked to it. Throughout this year, people in the stock markets have come increasingly to realize that the Reagan administration intends to do very little about the deficits, but rather, 15 months from now, to turn them over to the next president. But how to get through those 15 months without an economic breakdown?

Last winter the major industrial countries entered into the Louvre agreement to hold exchange rates more or less where they were. That requires the others, essentially Japan and West Germany, to finance the U.S. trade deficit and, through it, the budget deficit. The latter was declining rapidly earlier this year, but in the fiscal year that started on Oct. 1, in the absence of any further legislation, it will start upward again. This autumn the Germans evidently began to resist the suggestion that they would be required to finance this election-year holiday from economic policy in America, particularly since the consequences would be inflationary.

The quarrel with the Germans broke very audibly into public hearing last week. The secretary of the Treasury, James Baker, hinted heavily that the United States would let the dollar's exchange rate drop further if the Germans refused to cooperate. The eruption of this quarrel, and the various subsequent statements by the people involved in it, seem to have been the events that precipitated the great slide in the world's stock markets.

Secretary Baker has now made a hasty trip to West Germany, and the Germans, recognizing the scale of the emergency, have responded handsomely. Things have been patched back together — temporarily.

But the point remains, sharp and uncomfortable as ever. The rest of the world is not going to allow the United States to continue postponing all action on its deficits for another 15 months because American politicians find it inconvenient to make difficult decisions before an election. America has a choice. It can take the initiative to bring its economy into better balance, or it can let the markets do it. Letting the markets do it will plunge the world further into a process that, like this week's crash, will leave the world a great deal poorer.

— THE WASHINGTON POST

Official Shopping Trips

It is extremely unfair, the senators say, to accuse them of having fun at the taxpayers' expense in London. They were just passing through on their way to the arms control talks in Geneva. It was pure business. That is why they were traveling in an air force plane rather than by commercial airlines. That is why they had to be met at London's Heathrow Airport by U.S. Foreign Service officers and taken in state to their hotel by embassy cars. That is why four of the five senators had their wives with them. That is why they needed free time to go shopping in the London stores. That is why they had to have the embassy staff make dinner reservations for them, and get tickets for "Les Misérables."

The delegation was headed by Senator Claiborne Pell, chairman of the Foreign Relations Committee, and, of course, Mrs. Pell. It included Senator and Mrs. Ted Stevens, Senator and Mrs. Don Nickles, Senator and Mrs. John Glenn and Senator Richard Lugar. This visit, 11 days ago, was not out of the ordinary. To the contrary, it was objectionable precisely because most members of Congress think that this kind of travel is one of the perquisites of their rank — and one of the offsetting benefits of attending meetings on harsh and unforgiving subjects like arms control. As for the Foreign Service officers whose weekend was spent shepherding the delegation, Senator Stevens huffed that "it frosts me to have guys sitting there on easy street in London" and having the temerity to think that there might be better ways for them to spend their time.

Meanwhile the State Department is going through drastic budget reductions. Consulates are being closed, spending is being fiercely squeezed and there are layoffs ahead. The State Department is going to be required to do an expanding job with less money. Some of its traditional duties are going to have to be neglected.

But not, it seems, the very traditional duty of providing American diplomats to serve as tour guides and footmen for congressional visitors. It continues to be remarkable, and sad, that people who in Washington talk endlessly about the need for less federal spending and better public priorities still expect and require treatment on a truly dual scale while on official shopping trips abroad.

— THE WASHINGTON POST

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Directeur de la publication: Walter N. Thayer

Editor for Asia: Michael Richardson, 5 Conventry Rd., Singapore 0511. Tel. 472-7768. Telex RS58928
Managing Dir. Asia: Malcolm Green, 30 Gloucester Road, Hong Kong. Tel. 5-5010616. Telex 61170
Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London WC2E. Tel. 836-4802. Telex 262009
Gen. Mgr. W. Germany: W. Lamberk, Friedrichstr. 15, 1000 Frankfurt/M. Tel. (069) 736733. Telex 416721
Fms. U.S.: Michael Cowley, 350 Third Ave., New York, N.Y. 10017. Tel. (212) 753-3800. Telex 407175
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Not Misunderstandings but a Real Struggle

By Jim Hoagland

BONN — The monetary spitting match between West Germany and the United States that helped trigger this week's collapse on Wall Street is more serious than the image it presents of a mouse causing an elephant to stampee.

The rebounding of the seemingly petty transatlantic quarrel over interest rates into the stock market massacre should remind Americans once again how vulnerable the U.S. economy has become to foreign economic decisions, and how poorly Washington handles these vulnerabilities.

U.S. policy makers underestimate the extent to which national interests are at stake for others in these economic conflicts, just as surely as they are in military clashes in the Gulf. In the interest rate dispute, Bonn and Washington are fighting each other for real assets. They are not merely engaged in trying to sort out "misunderstandings" of each other's policies. They are waging financial combat.

Treasury Secretary James Baker's lightning visit to West Germany on Monday will paper over this round of the struggle, but only briefly.

The enormous trade and budget deficits of the Reagan years have changed the international economic landscape in ways that Mr. Baker and his advisers seem reluctant to admit, especially as they move into an election year. As long as this is the case, the financial elephants will stay up on tiptoe.

A major change wrought by the American deficit is growing competition for larger shares of foreign capital flows, and it lies at the origin of this week's debacle. While the United States is seeking

out foreign funds to finance the deficits, other countries are aggressively pursuing funds from abroad to finance new investment.

West Germany, now the world's largest exporter of goods, still has a puny capital market that is strangled by over-regulation. When the bond market dropped dead earlier this year and foreign investors pulled out, the West German central bank responded with a series of short-term interest rate increases. These were to keep the German market competitive with the United States, where interest rates were also being raised to attract foreign funds and protect the dollar.

Instead of seeing this as competition, an infuriated Mr. Baker took the increases as proof that the Federal Republic was cheating on the G-7 monetary and financial agreement reached last February at the Louvre. His public threats to retaliate by driving the dollar down against the mark and thus scuttle the Louvre accord helped panic the already nervous stock markets.

Mr. Baker appears to have accepted the conventional wisdom that German financial policies are rooted in a nearly irrational fear of inflation growing out of the experience of the 1920s. He has sought to combine pressure and persuasion to show the Germans that they are mistaken.

It is time to recognize that the Germans are being grasping instead of irrational, and thus that

they are not going to follow the Treasury secretary's scenario. They know perfectly well what their inflation risks are — as the Bundesbank chairman, Karl Otto Pöhl, made clear on Oct. 6 in a speech in Berlin that included an elegantly abusive rejection of Mr. Baker's recent proposal to anchor world monetary policy around a basket of commodities, including gold.

Mr. Baker's hectoring of Bonn to lower interest rates, make larger tax cuts and support an ever stronger mark sound to the Germans like an effort to impose the kind of consumer spending binge and the resulting deficits of the Reagan era on West Germany's tidily managed economy.

Germans and other Europeans firmly believe that their economies would never recover from such deficits. Unlike the United States, they could not borrow their way out of the enormous debts that they think they would have to incur. Mr. Baker's reaction to West Germany's recent effort to draw in new foreign capital through interest rate increases will confirm them in that view.

The Germans and the markets are telling Mr. Baker that time has run out on his strategy of restricting only one kind of consumption, i.e., imported goods made dearer by exchange rate manipulation. This was the week when it became clear that the Reagan administration can no longer turn away from the castor oil of tax increases and credit restrictions that European governments routinely use to restrain consumption.

The Washington Post

In Politics, Too, Some Are Losers

By William Safire

WASHINGTON — "Don't just stand there — stand there," do as the advice taken by President Reagan as the stock market crashed and one-third of the air escaped from America's balloon of confidence.

Perhaps there was a case to be made for a day's silence at the top, to avoid for a sound like Herbert Hoover, a sounding like Herbert Hoover. A much better case, could have been made for a brief, televised statement from the Oval Office, shown all over the world, reminding us of FDR's words — "The only thing we have to fear is fear itself" — and reviewing the latest evidence of continuing prosperity, from low unemployment to reduced deficits and increased housing starts, in a calm, realistic tone.

President Reagan is not reassured by shouting up or speaking calmly. Instead, we saw him calling out ill-considered answers to shouted questions over the noise of helicopter engines. "There is nothing wrong with the economy," he shouted. "All the business indices are up. Maybe some people see a chance to grab a profit. A day later, still over the engines, he was yelling, 'The Congress is responsible for the deficit!'"

He used the helicopter-hoisting technique, the president demonstrated that (1) he is not the calm at the center of the storm; (2) his perception is that the sudden fall was caused by greedy profit-takers, which is absurd, and (3) he is reacting to the loss of confidence as if it were some kind of unfair personal criticism of his stewardship.

Here I go analyzing the political failure associated with the market's collapse, like the satirist in Field and Slesman magazine reviewing the game-keeping passages in "Lady Chatterley's Lover." But as one who preaches, that the fall would be triggered by a junk-bond collapse (which it was not), I will stick to the political fallout.

Ronald Reagan loses, which means that George Bush loses almost as much; both had been taking credit for the rain and must now take the blame for the drought. This is true even if no steep recession follows the crash, or even if the market stages a stunning comeback; part of the mess of crowds is to blame the political crisis for the crowd's own panic.

Four of the five announced Democratic candidates gain, since their nomination is worth more when voters feel uneasy about the economic future under Republicans. The protectionist candidate, Richard Gephardt, may be forced on the defensive by changes that the fear of trade barriers contributed to the worldwide hemorrhage of confidence. Talk of Mario Cuomo will grow with fears of recession.

Among the non-administration Republicans, Bob Dole neither gains nor loses; he has adopted a posture of observer rather than participant, available for remarks from the sidelines, the quotable pundit as candidate Jack Kemp gains because he can talk knowledgeably about economics, and his longtime call for a return to a dollar pegged to a basket of commodities now sounds more like a stab at a stabler. Pete du Pont must have lost a bundle personally, but is likely to pick up some support shaken off the vice president. Pat Robertson likes to warn of a financial Armageddon.

All candidates face a new fact: People have been scared; their plans have been changed, and the outlook is now different for a generation that never knew it could be standing on an existentialist's trap door.

How does a politician answer the yearning for a new caution? One way will be mechanistic: Control the market's capacity for volatility by stopping options arbitrage and restricting computerized decision-making.

Another approach will be roundly partisan, like FDR's sermon on the Harding-Coolidge-Hoover era: "Nine crazy years at the ticker and three long years in the headlines!"

A third path will be programmatic: Attack the budget deficit and defeat a rise in interest rates by raising taxes and cutting defense spending — but that would seem anti-Keynesian in the first stages of recession.

Few politicians will say "Let's see if we can muddle through" — a spending cut here, an oil import fee there, reciprocity at restrictions, incentives to save, a monetary course between the Scylla of inflation and the Charybdis of recession.

Do not search for a political figure with the courage to tell the millions who have been burned and frightened that no government can save us from the consequences of our personal economic risk-taking. The fault, dear fellow investors, is not in our system but in ourselves, that we are forgetful.

The Washington Post
The New York Times

Monday Wasn't All That Black, if the Lessons Are Learned

By Lawrence H. Summers

NEW YORK — There's an old quip: "The stock market is a terrific economic forecaster. It has predicted 11 of the last 15 recessions." The market meltdown does not pre-empt another depression. With suitable policy responses, it need not even signal a significant economic decline.

Thoughtful observers have been saying for some time that the market was at unsustainably high levels. On Monday the real value of stock market wealth declined only to its level in the summer of 1986. There is no reason why this should lead to a large decline in consumption or investment.

People survive serious heart attacks and continue to live normal lives if they modify habits to avoid a recurrence. In the same way, the market's dramatic decline in the last week can teach us some important lessons. Right now, panic can force us to take the measures that prudence has demanded for a long time.

One American priority should be a commitment to sustainable monetary and fiscal policy. Policies that seek to defy the laws of economic arithmetic can succeed for a time but must eventually break down. Certainly that they will break down combined with ambiguity about the timing is a major source of market volatility.

Contrary to the recent assertion of Treasury Secretary James Baker, it is the administration's unwillingness to seriously confront the budget deficit, and not congressional actions to legislate token tax increases for deficit reduction, that is partly responsible for the market's precipitous decline.

Sustainable federal budget policies are a necessity if financial markets are to remain calm in coming years. This does not mean tinkering at the margins; it means a concerted and sincere effort to eliminate the budget deficit.

Perhaps a national commission like the one that dealt with Social Security in 1983 is the best way to achieve a sustainable fiscal policy. Substantial tax increases will be required unless a consensus in support of major cuts in Social Security and other entitlement programs suddenly develops.

Some international policies are unsustainable as well. The Louvre accord

of last winter committed the United States and other nations to peg the exchange rate of the dollar at a level that is wildly inconsistent with the American trade balance.

Since other countries will not forever trade real goods and services in return for American paper, the dollar will eventually fall to a point at which the United States can balance its books. Pretending otherwise creates uncertainty about when the day of reckoning will come. As long as the dollar is greatly overvalued, as it is now, foreign investors will necessarily be jittery about investing their money in the United States, and the possibility of panic will remain.

Instead of pledging loyalty to unrealistic exchange rate targets, policy makers should seek to bring the dollar down quickly to sustainable levels. This would remove the overhang of doubt created by overvaluation.

Sustainable monetary and fiscal policies would reduce susceptibility to panic. There is also an urgent need for the elimination of market institutions

and trading practices that promote excess volatility. One prudent step was Tuesday's brief suspension of trading in futures and options, which almost certainly calmed things down.

In the longer term, the stock index futures market should be regulated out of existence. The futures market circumvents margin requirements by enabling investors to have effective ownership of more than \$150,000 of stock while putting down only \$6,500. It makes possible trading strategies like portfolio insurance that increase market volatility by creating huge selling pressure after market declines. At the same time, the futures market offers no new opportunities to stable investors seeking to invest for the long term.

There's an old saying: The first time, the blame is yours; the second time, the blame is mine. No one could have anticipated Monday's market meltdown. But if it happens again, we should blame poor economic policies.

The writer is professor of economics at Harvard University. He contributed this column to The New York Times.

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Gandhi Is Riding Several Tigers in Sri Lanka

By Pranay Gupta

NEW YORK — When Rajiv Gandhi became prime minister three years ago, he seemed determined to improve relations with some of India's smaller neighbors. A principal concern was Sri Lanka. The seemingly intractable fighting there irritated New Delhi because of the example it set for separatist groups in India, notably the Sikhs in Punjab, and because of the support among Tamils in southern India for their brethren across the narrow Palk Strait in Sri Lanka.

This summer, after months of negotiations, India and Sri Lanka signed a peace accord aimed at ending the ethnic conflict between the Sinhalese, who form about 70 percent of Sri Lanka's population of 16 million, and the minority Tamils. The July 29 accord was hailed widely as a diplomatic triumph, an example of how regional powers could work out local problems without superpower help — or interference.

But the pact looked better on paper than on the ground. Tamil rebels, who were not consulted on the terms of the accord, refused to turn over their guns. Fighting flared up, and New Delhi sent in troops. A 20,000-strong Indian force is now in Sri Lanka to enforce the accord.

The unraveling of the pact raises questions about the political longevity of President J. R. Jayewardene. A military coup is a real possibility as frustrations rise within the sidelined armed forces. Perhaps mindful of this, the 81-year-old president canceled plans to attend last week's Commonwealth summit in Vancouver.

Mr. Jayewardene showed courage in agreeing to a political solution to the ethnic crisis at a time when the Tamil militants were said to be militarily weak. But he has not brought local political forces solidly behind the accord. Many Sinhalese leaders remain unwilling to make concessions to the Tamil fighters, whom they view as mere terrorists. In what some see as a sign of weakness, Mr. Jayewardene has tolerated the inflammatory rhetoric of his prime minister, Ranasinghe Premadasa, who last week implicitly denounced the Indians before the UN General Assembly.

The Indian presence has made the political situation in Sri Lanka highly volatile. The government may be unable to contain future Sinhalese protests. Democracy could be destabilized.

The realities of a multiethnic country like Sri Lanka demand that minority concerns be addressed in a compassionate and continuing fashion, as the Gandhi-Jayewardene pact tried to do. Such accommodation can breed resentment among the ethnic majority, but in Sri Lanka that may be a necessary long-term cost.

India has claimed important advances in its recent military thrust into Tamil strongholds in the northern Jaffna peninsula and vows to keep on until the last guerrilla has been overpowered. But this ambition is unrealistic.

Even if the Indians win some battles — and the

picture is far from clear — Tamil resistance will not be overcome in a few days. Although the Tamil fighters are far outnumbered, the Indian military has its own limitations: Civilian aircraft had to be commandeered just to fly the troops to Sri Lanka, and the Indian soldiers are unaccustomed to guerrilla warfare. Meanwhile, amid the bitter fighting, some Tamils have charged India with the same sort of brutality that the Jayewardene government was once accused of.

If the fighting drags on, Mr. Gandhi will face political problems at home. Up to now, his Sri Lanka policy has had broad support among the Indian public (except for Tamils). But how many Indian soldiers will come home in coffins before the policy will be openly attacked?

What New Delhi should do is declare a unilateral cease-fire and invite the Tamils to a new round of talks. At the same time, a multilateral peacekeeping body is needed, consisting perhaps of a Commonwealth force or troops from other Asian states. Its presence could offer much needed insulation and allay suspicions that India is seeking to impose its influence on Sri Lanka.

Mr. Gandhi has few other options. Failure to act soon would compound a tragedy that has cost thousands of lives and shattered the tranquility of a region with tremendous potential.

Mr. Gupta, who writes frequently on Third World affairs, contributed this column to the International Herald Tribune.

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The Legislators Seem to Think State Is a Menace

By Elliott Abrams

The writer is U.S. assistant secretary of state for inter-American affairs.

A sister agency, the Voice of America, has just been ordered to increase broadcasting in Stowman. Why? Let us be honest. Senator Howard M. "Buck" Wadsworth, author of the amendment which accomplishes this, is from Ohio, and some of his constituents will be gratified. Neither he nor the Senate

ally with others who want more time spent on Americans soldiers missing in Vietnam or trade issues.

And the net product of their work is to slash the department's budget, cut into the ability of the Foreign Service to retain its best people, force the closing of missions overseas.

During his recent visit to Brazil, Foreign Minister Euzébio de Alencar announced the opening of a new Soviet consulate in Rio. This hit those of us in the Latin American bureau sharply, as we are now looking at which consulate in Brazil, or Mexico, we must close to accomplish the budget cuts that Congress has imposed. Is this really in the U.S. national interest?

Is the departure of some of the best young officers really advantageous?

Does it promote U.S. security to turn the State Department into the concierge of the foreign affairs community, running embassy buildings filled with officials of agencies from the Agriculture Department to the FBI, but devoid of political analysts?

Members of Congress cut everything but their own travel budgets. Every assistant secretary sees what I do: missions cut further and further back but forced to spend endless man-hours shepherding members of Congress to and from hotels and shopping centers. And let us be clear: for every congressman willing to make a serious visit to La Paz or Bogota to talk about drugs, there are 10 others who need to see Paris or Rome or Jerusalem.

The product is disillusioned American diplomats who want to help their country increase exports and stop drug traffic and aid freedom fighters, assigned instead in the "unattractive" posts to finding a room with a double bed, or a golf course that admits non-members. In the "unattractive" or dangerous posts, they will not see

much of congressmen or senators, but Congress is thinking of them: The Senate just capped ambassadors' pay, for example, so that career ambassadors who deserve danger pay in a Beirut or a Bogota cannot get it.

When the next crisis strikes, let no one go to the House or Senate floor and ask, "How did this happen? Why couldn't we avoid this? Why didn't we know sooner?" The answer, in part, will be that in the 1980s Congress decided that having a foreign ministry was an Old World practice too dangerous for America. Few will notice, and fewer still are much saddened. But in the end, the United States is making the world a more dangerous place for itself and its allies.

The Washington Post

When the next crisis strikes, let no one rise in the House or Senate and ask, How did this happen?

inferences that can be drawn from the actions Congress has taken.

While the department's security budget has increased in recent years, in the past three fiscal years Congress has cut the president's requests for the department by \$160 million. In addition to these reductions in funding for salary and expenses, the department has lost about \$150 million in purchasing power due to exchange rate losses and unbudgeted overseas inflation.

In response to an anticipated \$84 million to \$120 million shortfall for fiscal 1988, the department has said that it will have to eliminate 1,270 positions, close 13 consulates and two more embassies and severely cut its ability to handle economic issues.

Simultaneously, Congress has piled on additional burdens: incredible, repetitive, onerous reporting requirements. For example, that turn some of the best young Foreign Service officers into clerks doing make-work.

Another example: When a new issue rises into view on the Hill, a typical reaction is to throw no money but an office at it. State gets no additional resources, nor are realistic performance standards set; Congress just directs the department to open a new bureau, with utter disregard for current bureau structure or availability of people.

showed any concern as to whether this was an efficient use of resources, whether there were enough VOA resources to do this job, whether there were lots of Slovians to out there who wanted the additional hours. And did anyone ask if instead there was need for more Creole broadcasting to Haiti, or more Ukrainian, or some Tibetan?

Now there is much to complain about at the State Department, and changes are needed. To take an example from my area, the department has little expertise on Brazil or Mexico, and no serious program to create any. The constant shift of officers among bureaus and desks means that generalists are available, with excellent skills, but that country expertise is often paper-thin. And after nearly seven years in the department, I find one "information professional" — an inordinate wish for smooth relations as a valuable goal, when in fact confrontation is in many cases more appropriate.

But Congress is not addressing these faults, or others: it is simply wrecking. I find that the people who do the most damage are those who do not know the department, those who do not know the people who do the most damage are those who do not know the department, those who do not know the people who do the most damage are those who do not know the department.

100, 75 AND 50 YEARS AGO

1887: In Capel Court

LONDON — Conservative brokers complain that market-rigging has, within the last year, been introduced into Capel Court. Today [Oct. 21] was an especial one for Wall Street ways, which are very peculiar. Rigging was essayed on Peruvians. "A Rothschild had joined the new committee," up went Peruvians. Somebody soon came from the great banking firm with a vigorous denial; down went Peruvians. Mackay and Gould had come together; an Anglo-American clique fed out stock to the creditors, as it began to rise. Then De Castro denied, and pretended because deferred. A Pandora's box of "bull" rumors was opened on every side.

1912: Turks Retreat

SOFIA — An official communiqué states that Bulgarian troops continue their advance, while the Turks, stricken with panic, are retiring in disorder, abandoning guns, rifles, ammunition

and provisions. Turkish inhabitants are leaving their homes. Bulgarian outposts extend as far as the immediate neighborhood of Kirk Kilise, and have exchanged shots with the forts surrounding Adrianople.

ATHENS — The main Greek army is expected to reach the "Stone Gates" tonight [Oct. 21]. Forty thousand Turks are holding the pass.

1937: Gijon Surrenders

FRANCO-SPANISH FRONTIER — The Navarre vanguard of General Fidel Davila's army marched triumphantly into Gijon this evening [Oct. 21], after the Asturian capital surrendered. A Pandora's box of "bull" rumors was opened on every side.

The capture of Gijon, the last city and port in northern Spain that was left in the hands of the Republic, is expected to put an end to the resistance of Asturians around Oviedo and in the hinterland, and leave General Francisco Franco free to concentrate on offensives against Madrid, Barcelona and Valencia.

OPINION

Just a River Town in Iowa,
But Writers Keep Coming

By A.M. Rosenthal

IOWA CITY — Over the weekend, Iowa City, a calm riverside town, was mostly interested in how Nancy Reagan was doing. Iowans talked politics if the foreigners insisted, but they said hog prices and farm foreclosures were more important than caucuses.

The stock market was beginning to crash, but the town, like the country, was not quite taking it in yet. At the writers' conference nobody mentioned it at all.

Every autumn, the writers come to Iowa City from all over the world. They

lack of time and contact. Some writers work on a book, some file away notes, some simply busy themselves being depressed at not writing.

This is an extremely important part of being a writer, as is annoyance at those writers who are actually writing. Writers discover that this is as true in Iowa City as in Beijing or Bogota, and the mutuality of guilt and irritability about colleagues tends to unite them.

This time there was a 20th anniversary homecoming of the foreign writers. They told each other what prizes they had won and what idiot publishers they had stumbled across since last they met. Most said something about what Iowa was to them.

A Mexican writer said it was where he saw his children, incredibly, skating on a lake. An Argentine said it was where he learned to feed raccoons. A Greek poet said that for her it was a dream of paradise and that dreams end.

A Palestinian feminist said it was where she discovered that American women had a way to go, too. An Israeli reported that it was where he arbitrated a dispute over Transylvania between a Romanian and a Hungarian. For a Czech it was where you did not have to be afraid of foreigners. A Polish writer who could not go home said that for her it was the sweet rose of freedom.

Writers from China talked about freedom to write and said they yearned for it. In Iowa City, the foreigners are not embarrassed to talk of roses, or freedom.

And for every writer, including those

acrobatic by temperament and professional inclination, Iowa City meant the American poet Paul Engle and the small intense bounce of energy and determination from China, his wife, the writer Hsueh Nien Engle. She suggested 20 years ago that Mr. Engle, who had helped shape the workshops for Americans, expand the idea into an international program. He said she was crazy.

So they set to raising money — from the university, from friends, corporations and government. The U.S. Information Agency puts up most of the money. The USIA propagandizes for the United States. It hopes that the writers will leave Iowa knowing something about the country and maybe liking it.

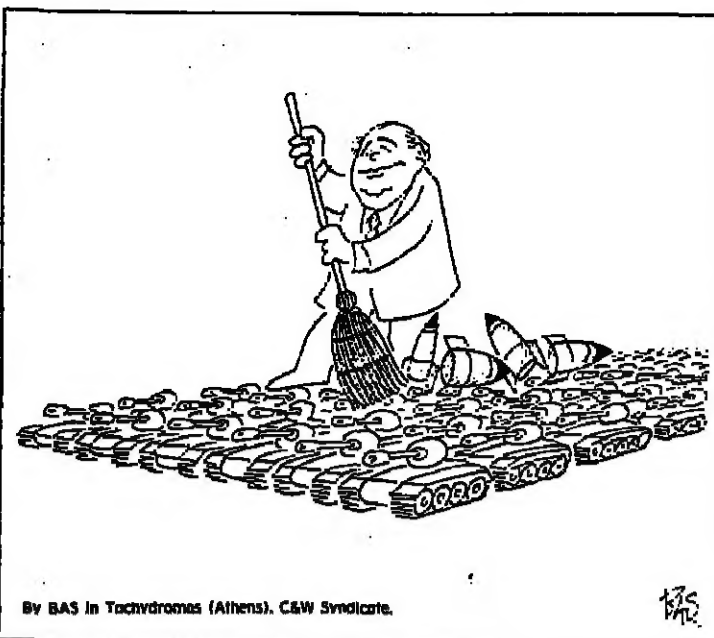
The writers do not regard this as a particularly horrifying goal.

The Engles will step out of leading the program this year, but for a long time, for writers everywhere, Iowa and Engle will be the same word.

It was a fine conference, full of excellent talk, warm memories and considerable hope for how the world was going.

On Sunday, at a hotel where some of the visitors stayed, a man from South America said he had seen something about the market in the papers. He said he did not really understand what had happened and what it might mean.

The New York Times.



By BAS in Trachromas (Athens). C&W Syndicate.

When Television Has a Country's Story

By Tom Shales

WASHINGTON — Iran had attacked a U.S. oil tanker, the Dow Jones was plummeting and baseball's World Series was under way. It was a big news week in America, all right. But in a way there was only one story. A little girl had fallen down a well.

Push the world leaders off Page 1, bury the speech by Carl Candidate, never mind about a possible U.S.-Soviet summit meeting. All that can wait, and should, because when a little girl falls down a well, we have to keep posted.

We knew her name soon enough: Jessica McClure. A child of 18 months, she was playing in a backyard near an abandoned Texas well on Wednesday, Oct. 14, when she somehow slipped through a tiny hole and fell to a cavity 22 feet (7 meters) below. On CBS Evening News, Dan Rather held up a piece of pipe like the kind through which she had disappeared, to show us just how narrow it was.

At a moment like this, when a little girl

falls down a well, America becomes one big national neighborhood. With television keeping us apprised of every new advance, and then each setback, in the rescue mission, we felt as if Jessica were a child from just down the block. Or missing from her room right upstairs.

This was one of those strange, troubling, exhilarating events that unites and

MEANWHILE

equalizes everybody. No matter who you were or where you were, you waited for the news that the little girl was safe.

Lucky viewers who were watching television Friday night saw Jessica come up, like Alice out of the rabbit hole, alive and well on live television. All three networks interrupted programming. Of course. A little girl had fallen down a well! It was a

time to be grateful not only for television but for the traditional three networks. Home Box Office didn't interrupt its movie for Jessica's rescue. Nor did Showtime. If you were watching a canned cable channel, you were not plugged in. You were not hearing the heartbeat.

There have been similar stories in the electronic age. In April 1949, a 3-year-old named Kathy Fiscus fell into an abandoned well near San Marino, California. For three days America was glued to its radio sets as details of rescue operations were broadcast live.

That story was not to end happily. Kathy Fiscus died. All those who had waited and hoped joined in sorrow for a child they had never met. Woody Allen has recreated the incident in his film "Radio Days," a nostalgic celebration of radio's capacity to link and to inspire.

Mr. Allen thinks of television as an unworthy descendant of radio, but in fact the Kathy Fiscus incident was part of early television history as well. KTLA in Los Angeles aired live reports on Kathy's fate for the small number of television set owners around Los Angeles at the time. Sun Chambers, the station's reporter at the scene, was interviewed about the traumatic ordeal for "KTLA at 40," a marvelous anniversary documentary seen earlier this year. It was "the first time," said Mr. Chambers, that a viewing audience could "literally live through an event" as it unfolded.

We take this ability for granted now. Or at least we do until something like the Jessica McClure story comes along. Sitting there before the set, hoping against hope, wishing the camera could get in even closer, nobody worried about invasions of privacy or abuses by the press or any of those other big issues.

Most of the coverage that followed this electrifying moment only tended to cheapen it. Footage of the girl's mother thanking people everywhere for the concern they had shown was moving, yes, but soon the politicians moved in with their calculated rhetoric, and who needs that?

It is likely the media will keep in touch with Jessica McClure for the rest of her life. In 20 years there will be feature stories as she enters college or takes a husband or wins a Nobel Prize, and flashbacks to her big splash in 1987.

What we will remember is the gladdening moment that climaxed the anguished vigil. For two days, she was our kid and we were her family, and Midland, Texas, was a world capital. All eyes were on it, and on her. We worry that television often appeals to the worst in us, but every now and then it triumphantly speaks to the best.

Washington Post Writers Group.

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LETTERS TO THE EDITOR

On Judge Bork: Gauntlets Flung Down Left and Right

The mind boggles at how people will turn things around to suit their ends. I refer to Professor Arthur Berner's letter, "In the Light of History, Bork Casts a Revisionist Shadow" (Oct. 7).

The American form of government is, or was intended to be, all about essential liberty, with its citizens to be as free as possible from the dictates of the distant central government. The Constitution is a limitation on the federal government. It is not an imposition of the federal government. When people talk about "rights accorded by the Constitution,"

they are talking, and buying into, a fallacy — a fallacy abetted by those who want a strong central government, thinking that they can get it to do their bidding.

The attitude that the federal government is the repository and dispenser of certain rights may have vote-catching appeal, but it makes for erroneous constitutional doctrine and law. There was a turnaround in the emphasis somewhere along the line, which must have made Madison turn around in his grave.

We Americans have been living under a liberal lie for a long time, and especial-

ly since the interventionist days of the 1930s, when Franklin Roosevelt and his Merry Tinkermen tried to govern-mentalize the economy into gear again.

Professor Berner approves of the interventionist attitude of the Supreme Court (a policy that led the American judiciary straight into the invidious misadventure over reverse discrimination). I wonder if he would sound so smug if the shoe were on the other foot. To him, Judge Robert Bork is a "constitutional revisionist." To me, Judge Bork is a constitutional purist, helping us to see beyond the distortions of recent years.

This whole brouhaha boils down to one point: that you cannot "give" one person or class of persons a "freedom" without taking essential liberty away from another, and from the whole body politic. Gunnar Myrdal, the Swedish socialist scholar, threw down that gauntlet unmistakably years ago when he wrote: "In the battle between liberty and equality, equality is slowly winning."

What Professor Berner calls "advances," I call erosions. We are, in short, on the road to demagoguery.

DUANE STANFIELD,
Fortes, Scotland.

Earlier this year you published an opinion column by James A. Michener entitled "Last Ditch Remedies for an Ugly American Decade" (Jan. 7), an article which was all too prescient. Mr. Michener wrote of "a kind of general know-nothingness in which evading critical problems is a substitute for grappling with them, in which damage-controlling an error is better than avoiding it, in which sitting tall in the saddle is preferred to riding forward, and in which, amid the verbiage, certain essential freedoms and equalities of national life are diminished and eroded."

On Oct. 5 you reported that Mr. Reagan said that "liberal" opponents of

Judge Bork's nomination "wanted to thwart the desire of the American people" for jurists who will bring criminals to justice." Which criminals does the president have in mind? Those who believe that a modicum of privacy is a right implicitly and by usage granted by the courts and the Constitution; or perhaps the more than 100 Reagan associates who have been under investigation or indictment for activities under Mr. Reagan's leadership, or those responsible for the lawlessness of the Iran-contra affair?

Mr. Reagan's nomination of Judge Bork, whatever his merits or demerits, threw down a gauntlet that the Senate Judiciary Committee had the courage to pick up and examine. For Mr. Reagan now to tell the American people to "resist politicization of our court system," when that has been his avowed aim, underscores Mr. Michener's perceptions. It reveals the president's contempt for the Judiciary Committee, for the Constitution, for the Congress and ultimately for the intelligence of the American people.

STEVEN BACH,
Munich.

In "Bork Stands Up His Lynch Mob" (Oct. 12), William Safire asks: "Should the criteria for judges continue to be individual merit and personal qualification, or a new standard of 'ideological balance' on the courts to which they are appointed?" This being the issue, Mr. Safire should have questioned the wisdom of the administration that introduced Judge Bork's nomination as one that would continue the Reagan philosophy for years to come. The "lynch mob" was just responding to the efforts of the administration to use the nomination as a political tool. In the process much injustice has been done to Judge Bork, who is acknowledged as a highly capable jurist.

M.D. SHANKAR,
Surabaya, Indonesia.

Anti-Bigotry in Austria

As an Austrian with Jewish family ties, I must take strong exception to the disinformation contained in the report by Henry Kamm about Ambassador Ronald S. Lauder ("The Short, Unhappy Tenure of an Envoy in Vienna," Oct. 10).

The assertion attributed to Mr. Lauder that Austrians who dissociate themselves from anti-Semitism would not dare to say so in public is belied by almost daily statements by politicians and other public figures. It has become something like a ritual to condemn anti-Semitism in public on every conceivable occasion.

Contrary to Mr. Lauder's implication, the tasteless and stupid letter from the deputy mayor of Linz, Carl Hödl, to Edgar Bronfman, president of the World Jewish Congress, evoked strong reactions from politicians of both major parties.

CHRISTOPH SCHREUER,
Salzburg.

The letter from Carl Hödl to Edgar Bronfman should be placed in its proper perspective. First, it was meant to be a reply, however offensive, to Mr. Bronfman's remark, made publicly in Bud-

apest, that Kurt Waldheim had been a cog in the Nazi death machine. The allegations that Mr. Waldheim took part in war crimes have never been substantiated.

Second, Mr. Hödl's outrageously false analogy between Mr. Waldheim and Christ did in fact unleash a storm of protest here, with highly visible billboards (funded by a number of private contributors) demanding the deputy mayor's resignation. Eventually Mr. Hödl was forced to resign.

MATTHEW H. HEITMAN,
Vienna.

I have to correct my friend, Ambassador Ron Lauder, whose service in Austria in a difficult time I do acknowledge. He is certainly wrong when he says that no Austrian would publicly dissociate himself from anti-Semitic statements. Thousands have done so, although, as in every country, anti-Semitism does exist. The large majority of Austrians oppose it, finding it an inhuman, ugly, deplorable and totally unacceptable phenomenon. So do I, and in public.

ANDREAS KHOL,
Member of Parliament,
Vienna.

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swissair

SCIENCE

Russians Planning Powerful Particle Accelerator

By Walter Sullivan
New York Times Service

SOVIET physicists have decided to build the most powerful particle accelerator of its kind, a straight-line facility 20 kilometers or about 12.4 miles long. Its length could eventually be doubled.

The device will produce head-on collisions between electrons, which carry a negative electric charge, and positrons, their positively charged counterparts. Unlike the atom-smashers of an earlier era, which were designed to break atoms into their constituents, colliders create fireballs of energy from which a variety of exotic, short-lived particles materialize.

By learning the nature of such particles

physicists hope to piece together a theory for the composition of matter and its behavior during evolution of the universe.

The longest such machine now operating is the two-mile Stanford Linear Accelerator in Palo Alto, California. A 17-mile circular machine is being built at CERN, the European research center near Geneva.

Because of energy losses inherent in circular machines, however, the CERN collider will at best achieve only 100 billion electron volts — a tenth of the energy envisioned for the Soviet linear device.

A superconducting super collider, a facility more than 50 miles in circumference that would collide protons accelerated to 20 trillion electron volts, has been proposed in the United States.

While energies in the Stanford machine and other electron-positron colliders are less, by using beams of particles that presumably have no internal structure they lend themselves to experiments not possible with particles of complex composition, such as protons.

Dr. Burton Richter, director of the Stanford project, said experiments with the Stanford machine may begin next spring.

He said it had been redesigned to accelerate electrons and positrons to energies exceeding 20 billion electron volts along a straight, two-mile track. The electron and positron beams are then guided around opposite sides of a loop to collide.

He said this looping of the beams would

not be feasible at the trillion-electron-volt energies envisioned by the Russians. According to the initial design, half of their 20-kilometer machine will accelerate electrons toward the midpoint to meet positrons accelerated in the opposite direction by the machine's other half.

Dr. Richter said Soviet scientists have told him that the machine is to be assigned high priority in the next five-year plan, beginning in 1991. A final decision, however, must await design tests at the Institute for Nuclear Physics in Novosibirsk, using a 10-meter (32.8-foot) experimental segment of the design.

The machine's very high energy depends not only on its length but on the rate of acceleration, which may reach 100 million

volts per meter. 20 times the rate in the Stanford machine. This is a major technological challenge and opinions differ as to whether Soviet technology is yet at a sufficient level to meet it.

Eventually, however, the Stanford laboratory hopes to achieve comparable rates of acceleration, Dr. Richter said.

The new Soviet machine is to be at Protvino, near the research center operated by the Institute of High Energy Physics at Serpukhov, 80 miles south of Moscow.

There a circular machine under construction is designed to accelerate protons to 3 trillion electron volts. Long-term plans call for a second proton beam circling in the opposite direction to achieve very high energy collisions.

IN BRIEF

Genetic Screening Test Developed

SAN FRANCISCO (UPI) — Scientists have developed a simpler, quicker and less expensive way to test for a variety of inherited diseases. The new blood test should make such diagnosis easier, especially in developing countries where existing tests are rarely available.

"It will make these kinds of diagnoses much more readily available," said Dr. Jane Gitschier, an assistant professor of medicine at the University of California in San Francisco. Current tests take up to a week to produce results and can cost up to \$1,000. The new test can yield results in as little as three hours and could cost about a third as much, Dr. Gitschier said.

Like current tests, the new test would be used primarily to test parents who think they may be carrying an inherited disease they could pass on to their children, and to test fetuses to see if they have inherited a disease. Unlike the current test, the new technique does not require the use of radioactive substances, making it simpler and easier to perform.

Heart Disease Linked to Indian Staple

NEW HYDE PARK, New York (UPI) — Ghee, the clarified butter product that forms the base of curries and other Indian dishes, may help trigger heart disease in regular consumers, a New York scientist suggests.

Dr. Marc S. Jacobson, a staff pediatrician at Schneider Children's Hospital in New Hyde Park, said that ghee contains cholesterol oxides, products formed when cholesterol-containing foods are processed and stored. Cholesterol oxides are capable of causing clogged arteries.

Dr. Jacobson wrote in *The Lancet*, the British medical journal, that he investigated the substance after discovering groups of immigrants to London and the West Indies from India had higher than usual rates of atherosclerosis and death from the condition. Clarified butter is made by melting butter, allowing solids to separate and sink and skimming off the foam.

Earth's Temperature and Solar Flares

BOULDER, Colorado (NYT) — Ever since it was discovered that sunspots and flares on the sun's surface come and go in predictable cycles of about 11 years, scientists have searched for a link to the sun-driven processes of earthly weather.

Now they have found one — a peculiar but unmistakable connection between solar activity and winter weather, according to two atmospheric scientists, Karin Labitzke of Freie Universität in Berlin and Harry van Loon of the National Center for Atmospheric Research in Boulder. Temperatures in the stratosphere and also at the ground seem to depend on the solar cycle.

The effects were hard to find, the researchers said, because they also depend on a second cycle, a reversal of the prevailing wind direction in the stratosphere near the equator roughly every other year. In years when these winds blow from the west, fewer sunspots mean lower temperatures; when they blow from the east, the effect is reversed. The scientists hope the findings will shed light on the tricky dynamics of solar radiation.

Chernobyl Fallout Study in Black Sea

NEW YORK (UPI) — Radioactive fallout from Chernobyl has provided an unexpected benefit for science — the opportunity to uncover the mysteries of the Black Sea.

An international team of oceanographers is tracking the fallout as it settles into the marine system of the 160,000 square-mile (413,000 square-kilometer) body of water, sandwiched between Turkey, Bulgaria, Romania and the Soviet Union.

"The Black Sea is unique and very little is known about it," said Kenneth O. Buesseler, a chemist at the Woods Hole Oceanographic Institution in Massachusetts. Mr. Buesseler said radioactive isotopes from the fallout, which also landed in rivers feeding the Black Sea, act like markers indicating water flow and chemical processes within the marine system.

Erosion Threatens U.S. Lighthouse

ATLANTA (AP) — The 208-foot- (63-meter) tall Cape Hatteras Lighthouse, the tallest brick lighthouse in the United States, should be moved back from the encroaching Atlantic Ocean, the National Academy of Sciences has recommended.

The lighthouse is threatened with destruction due to coastal erosion. When built in 1870 the lighthouse was about 1,500 feet from the water's edge. By 1930, shoreline erosion had cut the setback to about 100 feet. Today, the lighthouse is 160 feet from the water, due mostly to temporary shoreline protection measures.

The report said the main drawback to moving the lighthouse is that the new site is likely to destroy some of the natural coastal forest. Relocating the lighthouse would cost about \$4.5 million.

Breast Cancer: Precise Prognosis

By Gina Kolata
New York Times Service

Using new techniques of molecular biology, medical scientists are starting to develop ways of determining the prognoses of women with breast cancer. As a result, experts say, the process of deciding how to treat breast cancer patients is rapidly changing from an art to a precise science.

The new methods will not help the 5 percent of breast cancer patients, including Nancy Reagan, whose cancer has not yet spread even within the breast. But the methods may affect the estimated 50 percent of patients whose cancer is more advanced but has not spread so far that chemotherapy or hormonal therapy is clearly indicated.

The powerful tools of molecular biology are helping specialists determine how quickly tumors are growing and whether the tumor cells contain genetic material that makes them more resistant to treat-

ment. In particular, they are using a technique called flow cytometry to look at the amount of DNA in cells and determine whether the cells are dividing rapidly. And they are looking for extra copies of certain genes that can be indicative of a cancer that will spread.

The new methods offer at least the promise of making a difference in breast cancer treatment and survival, experts say. "The hope is that they will offer a more precise way of choosing treatment," said Dr. Robert Wittes of the National Cancer Institute.

In addition, Dr. Wittes said, the sophisticated molecular methods may give insight into the biology of breast cancer and may lead to new kinds of treatment.

The new methods are expected to help women whose cancer has spread within the breast but not to the underarm lymph nodes. These women normally do not receive chemotherapy after their tumors have been surgically removed be-

cause the vast majority of them do well without it. But about 20 percent to 30 percent of these women will have a recurrence of cancer, according to Dr. Dennis Slamon of the University of California in Los Angeles.

The most likely reason for the reappearance of cancer in these women was that by the time the breast lump was found, the cancer had already spread throughout the women's bodies, even though it was not detected in their lymph nodes. Experts suspect that many of these women could avoid recurrences if they were treated with chemotherapy. "There is a major need to identify patients who won't do well without chemotherapy," said Dr. Marc Lippman of the National Cancer Institute.

The small tumor that was found in Mrs. Reagan, who underwent a mastectomy Saturday, was confined to a duct in the breast. In cases like Mrs. Reagan's, the tumors are so small that the cancer

has not reached the fatty tissue of the breast, Dr. Lippman said. As a result it is highly unlikely that these tumors could have spread elsewhere in the body. Such cancers, Dr. Lippman said, should be completely cured with surgery alone or combined with radiation therapy.

The new tools are still experimental and somewhat controversial. Although many researchers who specialize in breast cancer are enthusiastically using the methods, the techniques are not in general use.

Breast cancer, the second leading cause of death among American women, will strike one in 11 women. Until recently, cancer specialists relied mainly on lymph nodes to guide them in deciding on treatment. And lymph nodes are still a powerful predictor.

The more lymph nodes that have cancer cells in them, the worse the prognosis. A woman with no sign of cancer in her lymph nodes has a 75 percent chance of dying of



Nancy Reagan on her way to breast cancer surgery.

something else before the cancer recurs, Dr. Lippman said. But a woman with cancer in just three of the 20 to 30 lymph nodes has a 75 percent chance of dying of cancer, he added.

Most doctors treat women who have cancer cells in their lymph nodes with chemotherapy or the estrogen-blocking hormone tamoxifen or some other hormonal therapy instead of or in addition to chemotherapy.

Dr. Kent Osborne of the University of Texas Health Sciences Center in San Antonio, Texas, said he and others are using flow cytometry, to get an idea of the amount of DNA in cancer cells and to learn whether the cells are dividing rapidly. With flow cytometry, an instrument can determine whether the amount of DNA in cancer cells is the same as that in normal cells, Dr. Osborne said.

When cancer cells have a normal amount of DNA in them, the cells "tend to be slower-growing, more indolent," Dr. Osborne said. Cells of fast-growing tumors have up to three to four times the normal amount of DNA, and women with such tumors have worse prognoses than those whose tumors grow more slowly.

There are a handful of researchers who are finding that extra copies of oncogenes, a form of genes that cancer researchers suspect may have something to do

with spreading cancer, tend to be present in women whose prognoses are poor. Dr. Lippman and others speculate that if this gene is biologically important to the spread of cancers it may be possible to block it.

Although many breast cancer researchers are intrigued by the new molecular methods, not everyone is ready to use them. The conservative approach to women with no cancer cells in their lymph nodes is to avoid chemotherapy, Dr. Lippman said.

Dr. Osborne said crucial studies remain to be completed. With the molecular methods, "we are pretty confident that we can better identify women with worse prognoses," he said. "But we are not sure that treatment will improve their risk."

Dr. Osborne and specialists at other medical centers are trying to answer this question with a scientific study. Women with no cancer in their lymph nodes, but who are thought to have had prognoses based on other tests, are offered the opportunity to participate. If they agree, they are randomly assigned to either chemotherapy following their cancer surgery or to no treatment other than removal of the tumor.

Dr. Lippman speculated that not only will the new tests prove important for breast cancer but that similar tests might be used to decide treatments for other cancers, including colon cancer.

INTERNATIONAL POSITIONS

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Save the Children Federation, Inc. of Westport, Connecticut, invites applications and nominations for President. This vacancy is created by the resignation of Mr. David L. Guyer and his appointment as President Emeritus.

Founded in 1932 Save the Children is a private voluntary organization conducting community development and relief programs in the United States and in more than 40 other countries around the world. Funded by voluntary contributions from private citizens, corporations and Government agencies, Save the Children is a non-sectarian organization committed to improving the quality of life of children and their families through community development.

The successful candidate for President must have a broad knowledge of community development, the Private Voluntary Organization community, and be familiar with diverse societies and cultures. The candidate must have the requisite skills to provide creative leadership and also financially and administratively manage a complex agency. The individual must also represent the Agency to a wide constituency of donors and volunteers. While experience in related areas is desirable, it is not necessary.

The successful candidate must be willing to relocate to the Westport, Connecticut area.

Applicants should submit a current resume, a statement of interest and the names and addresses of 5 references.

Applicants are encouraged to submit other supporting documents, if they wish.

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Reply to: Presidential Search Committee
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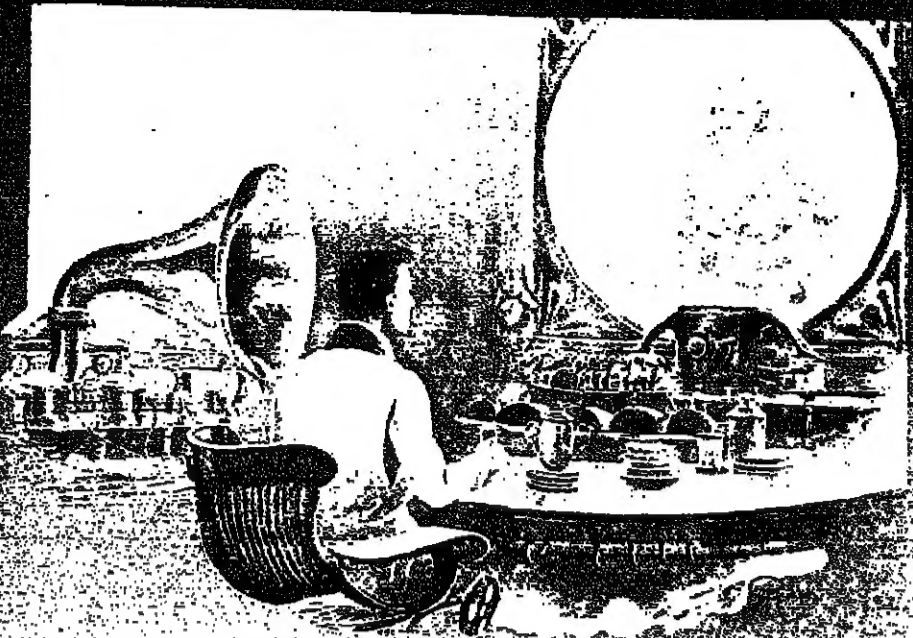
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FRENCH TELECOM



Jules Vernes imagined a world without distance, a utopian future where videophones would allow conversation—image and all—directly into the home. In France today, the videophone has left the realm of science fiction.

Telecom has been the first to offer a videophone service. The service is available in France and is being tested in other countries.

DIRECT LINE TO THE FUTURE

THE countdown has begun. With Europe pledged to deregulate, state monopolies find their frontiers disappearing and the competition on their doorstep, all in pursuit of a uniquely lucrative market of some 320 million consumers. If the much-touted 1992 launch of a unified market goes according to plan—and there are still some doubting Thomases—the European telecommunications industry might end up looking more like the American one, with each national telecom group resembling a regional Bell company. In this battle of the giants for a share of world telecommunications markets, French Telecom has developed a new global strategy.

"We welcome the excitement and stimulation of potential new competitors and we intend to vigorously pursue new services," Marcel Roulet, the recently named head of the company, told an audience in Washington, D.C. this June. He served notice that from now on, French Telecom will become "more commercial and more market oriented." Rates will be reduced and alliances sought. "We will spare no expense to offer our customers the highest quality service available in France or anywhere in the world."

These are not just empty words. Last year the telecommunications giant had sales of \$15 billion, representing an increase of 7 percent over 1989's figure, and a net income of \$1 billion. Its 163,000 employees have a high productivity rate, with fewer than seven persons per 1,000 lines in service. France is now the country with the most digitized phone network in the world—over 50 percent compared to 15 percent in Sweden, 9 percent for the United States and 2 percent for Japan and Great Britain.

State monopolies are not renowned for their dynamism, but this is a bureaucracy with a difference. The corridors of power are peopled with a brilliant and elite group of engineers and specialists, many from Polytechnique, one of France's most prestigious colleges. For many years, there was an overload of brainpower and a certain lack of pragmatism. Lavish investment and high research budgets were coupled with a neglect of sales and marketing. Now all this has changed. The aggressive marketing stance of the company's principal officer comes at the right time and gets full support from his boss, the Minister of the PTT, Gérard Longuet, a champion of free-market economic policies. When he first arrived in office last year, Mr. Longuet made no secret of his desire to see the Direction Générale des Télécom (DGT) privatized in line with the United States, Great Britain and Japan. Some back-peddling has been necessary, but the Minister says a law guaranteeing competition and ensuring a gradual breakup of the monopoly will certainly be passed in the not-so-distant future.

The choice last December of Mr. Roulet, a high-ranking veteran communications engineer, is symptomatic of the changes taking place in French thinking. Traditionally, the position goes to a specialist in technology. Mr. Roulet is from the finance and management side. He made his way on scholarships through Polytechnique and is proud of being a farmer's son.

The key man for international, Jean Grenier, also came up through the ranks. He took over his new job in July.

Both men are keenly aware of the problems confronting the industry today. They cite one dramatic example of what can happen in the new climate. Shortly after British Telecom was priva-

tized, telephone calls placed from France to the United States dried up. Trans-Atlantic rivalry brought prices tumbling down and it became cheaper for businesses in Paris to call the U.S. via London. At one point, 20 out of 23 Japanese multinationals in Paris were using the London route, before the French realized what was happening.

"We had no choice but to fall in line with British rates," Mr. Roulet said, "but this shows how the rate structures are breaking down." The temptation, he says, is to act "like a ci-devil being steamed, putting up imaginary Maginot lines everywhere." Instead, his strategy will consist of "one-third defense and two-thirds attack."

As to French Telecom's place in a pan-European market, Messrs. Roulet and Grenier are optimistic yet realistic. "We see no prospect except as part of the larger community of free trading partners," Mr. Roulet says, and adds that he hopes "inevitable differences will be ironed out in a pragmatic way." On the home front, he notes the need for more freedom and flexibility in order to be truly efficient in both national and international activities. This means a painful reorganization which could include staff reduction plans. Yet the price must be paid if France is to sell her hard-won telecommunications expertise in a highly competitive world.

Looking back just a few years, it is difficult to credit just how far France has come and how fast. In 1970—the French admit it freely—their telephone service was one of the worst in Europe. Public suspicion of the phone had scarcely evolved since Collette wrote: "The telephone is useful only to important businessmen and women with something to hide."

As Mr. Grenier observes, this backwardness had certain advantages when the time came to change. Because telephone lines were so limited, modernization could be radical. And radical it was.



Close to three million homes are now equipped with a lightweight brown and beige box, supplied free by French Telecom.

The Minitel not only serves as a complete electronic phone book covering all of France but also supplies over 6,000 shopping, banking and other electronic value-added services (VAN) whose number increases weekly. Traffic has quadrupled in one year with 308 million calls per month. The VAN service is a lucrative one; the user pays 1 franc per minute and French Telecom keeps 37.5 percent.

In the field of electronic mail, the Atlas 400 service, which conforms to the CCITT X400 standard, opened this year. It allows the exchange of messages and the interconnection of private electronic mail systems on the public network. There are also 60,000 fax machines in use and traffic is increasing at the rate of 100 percent a year.

Satellites, Minitels, ISDN, cables and more—all this means France Telecom International (FTI), as the company is called outside France, has a lot going for it. Now it is gearing up for a major marketing, sales and public relations effort abroad. Predictions are that the world market for telecommunications will triple in the course of the next 20 years. The French note a growing demand from large customers for high-quality custom-made telecommunications services on an international or on a pan-European basis. So a major thrust of the new strategy will be aimed at strengthening ties with multinationals, banks, insurance and tourism.

"Our expertise in high-speed digital services means we can offer custom-made solutions to suit the needs of these clients around the globe," says Mr. Grenier. He stresses that FTI is preparing to offer commercial contracts, with long-term guarantees of quality and service, payable in dollars. Moreover, staff increases will ensure complete service facilities out of New York or elsewhere if necessary. FTI's existing offices will play an important role. The New York address is now 10 years old. Other offices have since been opened in Singapore, Jakarta, Caracas, Tokyo, Peking and London. Bonn will follow at the end of the year.

The new regime under Messrs. Roulet and Grenier also intends to work up a strategy of joint ventures and alliances. "Clients don't want to order a piece of a network from one supplier and the next piece from another," says Mr. Grenier. He points out that with its offices around the world, FTI is able to coordinate and negotiate with its friendly rivals, ATT and MCI from the United States, British Telecom, NTT from Japan, and others. They will also work to assure the interconnection of the ISDN networks in France with other countries' networks as soon as possible.

No discussion of international telecommunications is possible these days without a long hard look at D-Day. This no longer means 1944 but 1992, when Europe is pledged to establish her free internal market.

A green paper on telecommunications was published by the European Commission in June to prod certain reluctant countries into action. French Telecom certainly needs no prodding. Their only worry is to ensure that the government also keeps up its avowed enthusiasm for deregulation.

The potential of a unified European market where common standards reign goes without question. One flagrant example of the old regime's (Continued on Page IV)

three services were baptized Transfix, Transcom, and Transdyn. France will be able to phase in an enhanced ISDN program on a limited geographical basis in 1988 and on a nationwide basis by 1990. But the videophone is not promised until the year 2000.

The Telecom 1 satellites also give France the distinction of being the only European country with a national telecommunications satellite. As a result, France is now the world's largest supplier of satellite communications equipment. Recently the French successfully bid for a contract to distribute TV programs and video between Washington and American diplomatic posts for the United States Information Agency.

Seventy-two million calls per month are made on Transpac, which has become the largest packet-switched data network in the world. It is connected to 58 countries. This is a public network accessible from all points in the national territory, with the number of direct customer connections totaling 42,000 at the end of 1986. Traffic averages 1,500 billion characters per month.

And with great fanfare, France launched a Marseille to Corsica optical fiber cable in July, the first link in a new Mediterranean cable system eventually connecting up with Sardinia and Sicily. Preparations are also going ahead for France's contribution to the upcoming trans-Atlantic TAT 8 and 9 international cable. France now ranks number 2 in the world for undersea telecommunications systems.

And last but not least, France has become the first nation in the world addicted to tapping on its portable videocassette terminals, the famous Minitel.



Marcel Roulet, Directeur-Général of French Telecom.

Telecom 87

THE promise of the new communications age has attracted 40 exhibiting countries and 50,000 visitors daily to Geneva for Telecom 87 (October 20-27). Today, October 22, is French National Day and the crowds will be converging on what is by far the exhibition's largest stand for a glance at the state-of-the-art as seen by France Telecom International (FTI) and 90 French companies. The FTI logo is being shown for the first time, in Geneva.



The Minitel Phenomenon

From Innovation to Industry

In the beginning, few people thought it was possible but nearly three million Minitel enthusiasts have since convinced even the most skeptical. Subscribers daily spend an average of four minutes each on the combination telephone-keyboard-screen. Time enough to find a few dozen phone numbers, read their horoscope and possibly even browse through a newspaper. A fraction of the time that would otherwise be wasted thumbing through a phone book.

"They made the mistake of imagining that it would somehow replace existing services; instead they discovered it could provide new ones," explains Jean-Paul Maury, the director of the Teletel program.

Videotex services were the catalyst that combined computers, broadcasting and telecommunications. When studies first began in 1973, the aim was to use a telephone to interrogate a computer and then show the results on a TV screen. Research in Rennes led to the Antiope project—now known as Teletex—that started service in 1978. With only the weather forecast and stock market report, it was a mainstream idea, rather like Prestel in Britain.

Teletel marked a change of direction. The new starting points were a service that everyone could use immediately and custom-built terminals. "The aim was to show that it could be done, to demonstrate to the industry that it was feasible and would be accepted by large numbers of people," says Mr. Maury.

Early experiments in the Paris suburb of Vélizy used 3,300 terminals, of which the majority were modified TVs that connected to the network via a decoder. But, given the choice, people preferred a proper terminal. For the next series of trials in Rennes, 4,000 Minitels were installed.

Among the Minitel's many advantages were its size and simplicity. Small enough for the home, neat enough for the office, the tiny terminal flipped open to reveal an alphanumeric keyboard and screen. Careful thought had gone into the design. It was essentially uncomplicated, ideal for mass production. By saving the expense of updating and distributing printed directories, reducing the need for switchboard enquiries and gambling on massive economies of scale, French Telecom could afford to give away Minitels for free. The French phone book—for all 24 departments—ran to 160 volumes. But to find a number on their Minitel, all people needed to do was type in a name and location.

"Customers couldn't imagine it, we had to offer something concrete first, and after that the rest followed naturally," explains Mr. Maury, who was responsible for the initial development of both the Minitel and electronic directory.

Technically, the system was neither expensive nor sophisticated. Commercially, the kiosk system combined a shopwindow and innovative billing system—customers paid nothing to look and the price of any purchase was added to their phone bill. With Transpac there was also immediate national coverage.

Transpac is a packet switching network. For the customer this means that all connections cost the same, regardless of distance. It is also an intelligent network, which means that less intelligence needed to be built into the terminals. "Teletel used existing technology," he concludes, "it's the services that are special."

At last count there were 6,000 of them. The electronic directory is still the most popular, accounting for one call in six; even the neighboring Swiss operators regularly use it for directory enquiries. But since the system's commercial launch, Teletel has become a popular phenomenon.

Between 1984 and 1985 the amount of traffic on the network quadrupled. By 1986 it had trebled

again and this year it should rise by a further 70 percent.

To maintain this momentum, French Telecom has continued to install new Minitels at the rate of 100,000 per month. The million mark was passed in 1985, two million were connected by 1986 and over four million will be in use in 1988.

People use it for banking, to buy insurance or book a seat at the theater. Over sixty newspapers and publishing houses are listed in the directory. Local authorities provide official information pages on everything from tourism to social security. The classified ads carry details of jobs vacant, apartments to let and cars for sale. Children play games on it, students use it to look up their exam results and chatlines provide a welcome means of contact for the lonely, the shy and the housebound.

Tele-shopping has also caught on, with customers using the Minitel to order deliveries from the local supermarket. For companies, a smart card automatically controls its own budget by remembering the details of each purchase. Over 50,000 card readers will be connected to Minitels in 1988.

Another, growing sector is the closed user group. These can only be joined by paying an annual subscription and tend to supply professional groups such as scientists, bankers and the media with specialist information. Small businesses can also use their Teletel mailbox to send telexes, and one of the latest services offers a direct link for electronic mail at the rate of only 1 franc per minute, irrespective of distance.

French Telecom estimates that it takes between three and four years to recoup the cost of a Minitel. Last year the system logged 37.5 million hours of connection time, excluding the 7 million hours spent on-line to the electronic directory. As a revenue earner, it brought in 575 million francs. A



The latest Minitel 10.

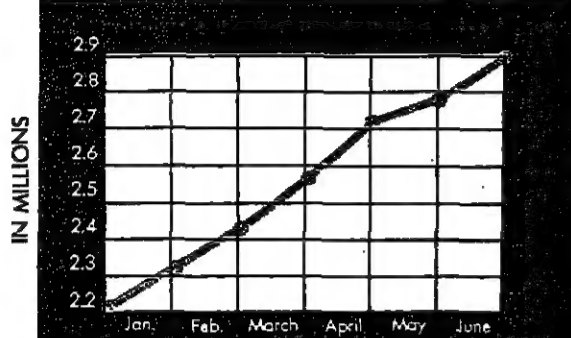
further 822 million francs was paid out to the businesses that provided the services. Other countries have been far less fortunate. At the same time, there were only 90,000 subscribers to the British videotex system; a mere 52,000 in Germany.

As they struggle to catch up, the next wave is breaking. With ISDN and videodisc-based services, the new buzzword is supervideotex. But Mr. Maury is less than impressed.

"Speed doesn't change the service and supervideotex sounds a little complicated—it's hardly the same thing anymore. The definition of the service has always been its low cost and simplicity. After that, it's no longer videotex."

—Steven Bartlett

TELECOM 87 marks the eighth anniversary of Intermatique, the French company that markets videotex expertise worldwide. As managing director Georges Nahon points out, Intermatique is exporting an industry, not a product or standard. The French standard has been adopted in 10 countries and over 100,000 Minitels have been sold overseas. Intermatique has also acted as a consultant in the U.S., Canada, South America, Australia, Africa and the Middle East. For further information, contact: Intermatique, 98 Rue de Sèvres, 75007 Paris, or call (33) 1 43 06 16 36.



More Minitels in 1987.

A Bonanza for Business

WHEN the Vélizy trial that was to launch the Minitel was being prepared in 1981, Edmond Chaboch was a 34-year-old engineer at the top French software firm Cap Gemini Sogefi. He participated in the development of the electronic directory, La Redoute's mail order catalogue and the home-banking service for CCF.

Deeply impressed by the experience, Chaboch quit his job. "I mortgaged my house and with one million francs and a staff of one, myself," he laughingly remembers, "I set up the first service company oriented exclusively to the new market."

His first product was a videotex guide. Today Energie Videotex offers over 40 residential and professional services including the national weather forecast, Larousse games, the Top 30 countdown, Europe 1's entertainment and news program, an index for librarians, and the electronic directory for French Telecom. Between them, they account for 1,800 hours of telephone traffic per day.

Like Chaboch, hundreds of other entrepreneurs have been quick to cash in on the Minitel phenomenon. By May 1987 some 1,500 companies were offering 5,700 services and six more were being authorized each day. About 10,000 private sector jobs directly related to the French videotex industry were created in 1986, up from 8,000 at the beginning of 1985.

Services on the Teletel 3 "Kiosk" receive payment through the intermediary of the telephone company. Last year they earned 822 million FF; in 1987 this figure should increase by 70 percent. Since more than half the services charge users directly, it is impossible to estimate the total turnover of all companies concerned. Some charge monthly or annual subscriptions, while fees for data banks can vary from 100 to more than 1,000 francs per hour. At the same time, toll free numbers are expanding the possibilities for many companies and a new rate structure is being introduced to encourage certain services at the expense of others.

Studies indicate that the business and industrial sectors will experience the greatest growth over the next few years. More than 50 banks already offer home-banking services and many have begun to use the terminals for in-house communication between branches. In addition, seven consumer-

finance firms offer instant on-line credit approval at retail shops around the country. Cetelem, France's biggest consumer loan group, is connected to 10,000 retail shops and 70 percent of all its applications are now handled by Minitel.

The office supply and stationery chain, Brun Passot, has introduced smart cards that can keep track of credit allowances by month, trimester or year. More radical applications include hooking the Minitel up to a videodisc system. Darty, a home-appliance retailer, has set up an experimental store with no products and no sales personnel. Customers stroll in, select a product on the terminal and watch a video or photo sequence presenting the model. Castorama, a hardware and furniture chain, uses a similar system.

Businesses are making increasing use of the Minitel for in-house applications such as internal directories, agendas, electronic mail and more. Technicians use it to check previous repair records, call up detailed descriptions, make primary diagnoses and establish invoices on the spot. Managers can control inventory, order products and check sales around the country.

The success of the videotex system has left few areas of the French economy untouched. Moreover, it has stimulated the growth of the French hardware and software industry.

A recent brochure lists 95 companies involved in the field; at the beginning of 1984 there were only 12. There are now 70,000 Minitel printers and about 40,000 Minitel emulation boards on the market. Other peripherals include smart-card readers, acoustic couplers, integrated answering and message forwarding attachments, magnetic price-code readers and professional keyboards. New products and new uses for the terminal are being developed constantly. The big data processing groups such as IBM, Olivetti and Siemens have all added Minitel-compatible equipment to their product lists. Yet the majority of companies were born with the Minitel and have grown with the industry's ever-growing needs.

Another area that has benefited from the burst of videotex activity is the software engineering and service industry. An avalanche of firms—400 are listed in the current brochure—offer Minitel applications including software packages, turn-key systems, assistance in planning and consultancy services.

In just a few years, the Minitel has become big business and its growth shows no signs of slowing down. France promotes and encourages the industry without attempting to control a phenomenon that has gone way beyond everyone's wildest expectations. After all, the single most important beneficiary of the boom is French Telecom itself.

—Joyce Wakkam



Keeping business moving.

The International Connection

THERE'S more than one way to Teletel from outside France. The best is a Minitel, but for those that are unwilling to wait, a microcomputer is perfectly adequate. Adding an extra card and emulation software will turn it into an acceptable terminal.

From Australia, the Datex-P network leads straight into Teletel's computers. The number to remember is 0208075040390V6P. It also works for callers from Spain, Luxembourg, the Netherlands and Portugal.

From Germany, it is better to use Infonet on 696664007, in Washington, the code is (301) 595-4760, in New York it is (212) 921-7877, in Los Angeles it is (213) 772-0000.

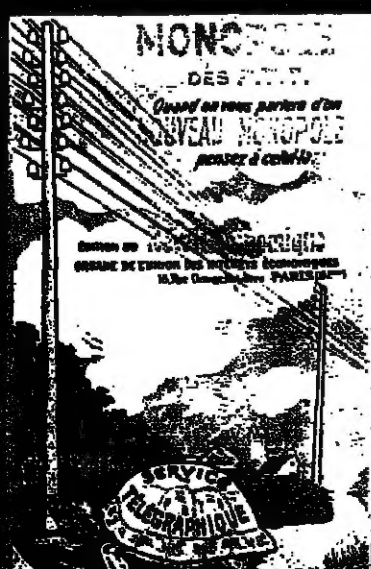
London's link is Interpac, on 438-8377. Dublin uses 353.21.397.702. The only problem seems to be in Italy, where the videotex craze has yet to catch on.



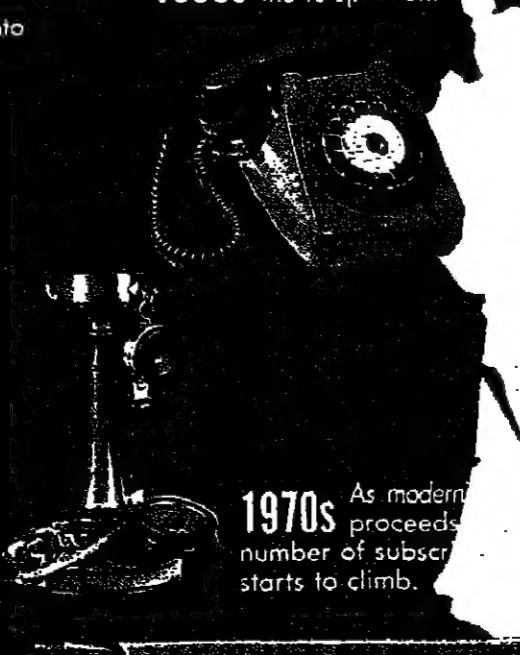
Even sports results in English.

IN LINE WITH THE TIMES

1837 New law places electric telegraph under national control.
1889 Separate telephone companies combined into government monopoly.



1960s The changing face of the telephone...



1970s As modern proceeds number of subscribers starts to climb.



Transpac introduces



1984 Transpac 1 launches the new ISDN communications...



ISDN Switching to the New-Style Network

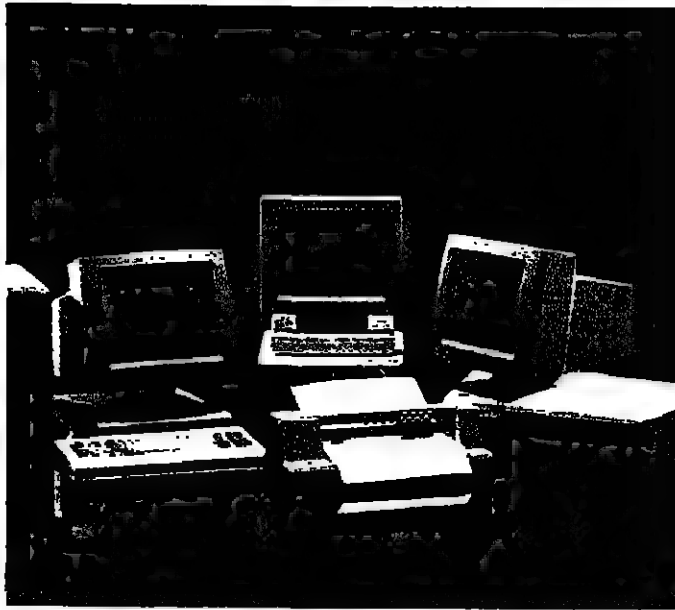
IMAGINE the possibilities of combining high-speed facsimile with a telephone call; or connecting a minicomputer and telephone together so that incoming calls automatically trigger information on the screen. That is the promise of ISDN.

The initials stand for the future — a time when data, sound, pictures and print will all be sent in the same way, and through the same network, to anywhere in the world. They also refer to the common set of standards that will make this possible.

Thanks to digitization — a common "language" for current and future services — the ideal is attainable. With digital integration, sight and sound can be combined in new ways, to provide new levels of service. Integrated digital networks will also be faster, better quality, more reliable and cheaper to operate. But, perhaps most important of all, they are the answer to the telecommunications industry's urgent need for a new common denominator.

As a universal communications network, ISDN builds on the basis of the most popular professional tool: the telephone. By so doing, it also takes into account the need for various types of data networks and other, fast-growing services such as videocommunications. A single international standard will simplify the situation by broadening the scope of existing services and increasing the range of terminal equipment that is available. This, in turn, will lead to lower prices — a direct business benefit that neither the PTTs nor their customers can afford to ignore.

The telephone network was originally designed



The latest terminals take advantage of ISDN's high-speed services.

to carry analog signals that transmit sound as a continuous current of energy. Data is different. It relies on digital signals to spell out every character of every word in much the same way as morse code.

With the advent of the transistor this gap between nineteenth and twentieth century technology began to close. As the microelectronics industry evolved, telephone exchanges rapidly developed from manual switchboards to electromechanical machines. In the 1970s, with digital switches and a system called time-division switching, they emerged as special-purpose computers.

They were still handling analog signals but, by sampling them 8,000 times a second and translating each result into an eight-bit code, these could be converted into digital form. Hence the magic figure of 64,000 bits per second.

Across the world, large international organizations were eagerly investing in all the paraphernalia modern technology could provide to feed their

insatiable appetites for information. From computers to satellites, with leased lines and their own digital exchanges, they created increasingly complex networks. As voice and data converged, the task of redefining telecommunications fell to the International Telegraph and Telephone Consultative Committee (CCITT) in Geneva.

When the organization was first set up in the heyday of telegraph traffic, international lines still stopped at the frontier and telegrams were passed across by hand. To deal with the equally complex problems of a new communications age, the CCITT outlined a set of internationally acceptable standards for ISDN.

To deliver ISDN over existing telephone lines, the CCITT proposed using a pair of communications channels for voice and/or data and a separate control channel to direct the signals to their chosen destination. Each communication channel would carry 64,000 bits of information (abbreviated to 64 kilobits) a second. The control channel would use a further 16 kilobits. And, underpinning the entire concept, ISDN would act as a universal gateway to the full range of existing services — from telephone to telex, facsimile, data communications and videotex.

In France, the first ISDN-type services were launched in March 1986. Transfix, Transcom and Transdyn provide direct or switched digital links, via landlines or satellite, for hundreds of private clients. In addition to high-speed data links, they have also provided valuable experience in developing new applications and equipment.

Meanwhile, work had already begun on adapting the public telephone network. "The French experience has been a series of firsts," explains Jérôme Rémy, head of ISDN. "Even before ISDN had a name, the DGT

and Alcatel believed in it enough to introduce the first digital switches."

Those switches — Alcatel E10s — gave French Telecom a head start when it came to introducing ISDN. With over a decade's experience to draw on, and well over 50 percent of its network already digitized, France will add the first commercial ISDN network, fastest interconnection and earliest national coverage to its list of credits. For local calls, the proportion of digital switches will rise from 50 percent in 1986 to 75 percent by 1990. For long-distance calls, during the same period, it will increase from 58 to 76 percent.

At the same time, signaling enhancements are being used to shorten the time it takes to set up calls, improve network efficiency and simplify the development of new services in line with the latest international standards — most notably the D protocol and CCITT No. 7. Finally, to ensure absolute accuracy, an atomic clock has been used to synchronize the network.

Commercial operation will start in December with a trial in Brittany connecting 500 subscribers, mainly small businesses and professionals. In autumn 1988 attention will switch to Paris, particularly the commercial center of La Defense, where the modern towerblocks house numerous multinational companies. By 1989, more major centers such as Lille, Lyon, Marseille and Rennes will be linked up.

In 1976, when the CCITT formally adopted the idea of ISDN, it seemed idealistic, even utopian. But in France, national coverage will soon be complete. Having installed the network, French Telecom will continue to develop new applications, customer services and subscriber equipment. In these areas, as in others, it seems destined to remain first among equals.

— Steven Bartlett

Tomorrow's Technology

IN France's national telecommunications laboratories (CNET) just outside Paris, the screen of the future is already taking shape. The slim, liquid crystal display uses 80,000 tiny transistors to project images onto its flat, 10-by-13 centimeter surface.

But one of the most exciting projects is asynchronous time-division multiplexing. It may sound complicated, but it could provide the most simple solution to the needs of broadband ISDN. Developed by CNET, the technique combines the simplicity of digital time-division with the flexibility of packet switching to synchronize video and sound.

Meanwhile, in Grenoble, scientists are also at work on a new generation of silicon chips for these high-speed, high-capacity telecommunication systems of tomorrow.



BROADBAND Pinning Down the Moving Picture

WITH their new generation of video communications networks the French are fast turning science fiction into science fact. In the Atlantic coast resort of Biarritz a futuristic fiber optic network shows the shape of things to come. The local butcher

laughs and jokes as he serves a customer with cooked meat and chicken. She nods approval, checks the price and rings off. For 1,500 subscribers the videophone has already arrived.

On the shores of the Mediterranean over 300 companies have settled in Sophia Antipolis, a modern technology and research park between Nice and Cannes. Underpinning the whole high-tech venture are over 250 kilometers of fiber optic cable in a high-speed computer network covering the 5,000 hectare site. What makes this network so

special is the sheer speed at which it carries vast quantities of information. In technical terms, it can transmit 140Mbs a second — nearly a thousand times as fast as narrowband ISDN.

Within sight of the Pyrenees, similar changes have already added a new dimension to the lives of 2,000 workers in the gas and petrochemical industry. The sprawling refinery in Lacq relies on declining reserves of natural gas. Anticipating the future, Elf-Aquitaine

has invested over 12 million francs in the latest video communications technology to educate and inform its employees.

In Brittany, the doctors at Rennes Hospital have called on the services of the CCETT to help them apply the latest advances in medical science. Their on-line database needed to include information from scanning and X-ray equipment, both of which deal in images rather than text. A page of text needs only 20 kilobits, the computer image compressed by a scanner can require 2 Megabits. Today, thanks to a high-speed local area network, both can be consulted together.

Just off the Champs-Élysées, a journalist is preparing the news bulletin. From there, 650 kilometers of fiber optic cable will carry it to an audience of half a million viewers. The Tube, the first commercial service of its kind, was introduced in 1985 and now broadcasts its story to 120 platforms on the Paris underground.

Digital technology has already revolutionized the telecommunications industry. Today it is cable television that dictates the pace of change. Cable television involves millions of bits of information, far too much for narrow-band ISDN to handle. Plan Cable will deliver on-demand television to millions of homes in towns and cities across France. At present, 52 projects have been finalized and more are being considered. Apart from entertainment, the same fiber optic lines will also be used for education and information retrieval.

Twenty years ago it was hard to imagine homes being on-line to voice, data and image. In twenty years time it may be equally hard to imagine how we ever lived without them. Broadband networks will integrate a whole range of services such as pay-per-view television and sound programs, videotex, remote security monitoring and high-speed data communications.



News and views on the Tube.

But it will be "an evolution, not a revolution," as Vincent Carrefour, the director of programs at CNET, warns. It is his job to coordinate the work of the seven independent research centers that cover every area of telecommunications science from component technology to network management. With a budget of 1,755 billion francs to

manage, he is uniquely qualified to judge the trends in this fast-changing field.

Broadband development can be split into three stages. First of all there is the traditional type of broadcasting that carries every channel and uses controls on the television set to make a selection. Alternatively, with interactive services such as pay TV or Minitel, the selection is made within the network and only one set of signals is sent at a time. These broadband services can flow into premises while narrowband services continue to flow out until the third stage — full integration — is reached.

At first sight it all seems very simple. With over 200,000 kilometers of cabled fiber, France has already laid the foundations of a new infrastructure and the price of such lines seems certain to fall. In 1976 cable fiber cost in the region of 20 to 30 francs per meter, by 1980 this figure had fallen to between 5 and 9 francs and today it is nearer to 2 or 3 francs.

But replacing the existing infrastructure is still an expensive business and, by the 1990s, the amount of information needed for video transmissions (that is, the bandwidth) may decline. For instance, when video-conferencing was first introduced, it used 2 MB/s channels; now it needs only 64kb/s. With signal compression, narrow-band ISDN can carry low-scan images. They may not be technicolor movies, but they are more than adequate for security and surveillance systems. Today's image channels use very high speeds — in the region of 140 Mb — but similar compression techniques could cut this by as much as two-thirds.

Broadband beckons. "I'm certain it will arrive, but in what form?" asks Madame Seguin, head of

broadband and videocommunications development at CNET.

There are now two routes to broadband ISDN. The public telephone network and first-generation video communications networks could lead to a broadband integrated service data network. At the same time, with progressive digitization, narrow-band ISDN may continue to evolve until both routes converge.

It is an enormous undertaking. Preliminary proposals should be agreed upon at the next meeting of the CCITT in 1988. By 1992 it is hoped that the project will reach an advanced stage, similar to the base established for narrowband ISDN in 1984.

— Steven Bartlett



Videophones: putting a face to the name.

1986 The first ISDN types, 2 million terminals

1988 France moves towards full ISDN with new project in Brittany.

1990s The global telecommunications network continues to evolve toward broadband ISDN.

Videophones on the move. Machines connect over 1,000

FIBER OPTICS

The Public Face of a Private Company

AMONG the major challenges facing French Telecom today is the transformation of its commercial network to meet the evolution of the telecommunications landscape. "Faced by rapid technological progress and the development of products, we have been forced to adopt a new commercial attitude with regard to our clients," says Francois Arriev, the architect of French Telecom's commercial strategy.

Today the professional customer is looking for more than a simple telephone. He wants a whole system of communication including data transmission, storage and processing. To meet the demands of an increasingly sophisticated clientele, the company is restructuring its commercial network to offer a more personalized quality service. With 16,000 employees at 600 outlets, the sales network already exists.

A National Accounts Department was created in 1986 to service the country's top businesses. It will eventually have 50 specially trained managers, experts in data processing and telecommunications — each with a portfolio of two clients. Their unique role will be to take care of the top 100 companies which account for 10 percent of the company's revenues. The companies benefit and French Telecom gains from a closer relationship with these demanding, multinational and multifaceted clients. "Through our account managers," says Alain Lenoir, head of the department, "we can discern our clients' individual needs, as well as their expectations for new products such as ISDN." This is essential to establish partnerships with clients and manufacturers for developing and testing new services, products and applications. "We conduct joint studies with our clients," explains Arriev. "If the results are positive, as they were for the Minitel or more recently for a telemetry study conducted with Ficher-Bauche in Bordeaux, marketing is implemented."

To further increase customer satisfaction, French Telecom is establishing contractual relationships with its clients. These contracts range from the simple obligation to respect delivery dates (quite a revolution for a state-owned company) to assuring the quality of specialized digital services.

Finally, the telephone company is committed to restructuring its rates, which, until recently, were fixed by the government according to budgetary considerations. "These must reflect the reality of costs," declared Maurice Roulet, director general of French Telecom. Readjustments as a function of length rather than distance began in 1986 with drops on long-distance calls and slight increases on local calls. By 1989, the phone company expects its rates to be in line with those on the world market.

The introduction of the value-added tax (VAT) on November 1, 1987 will help give French Telecom a competitive edge as companies see their telecommunications cost drop by 15.7 percent for a global savings of 5.3 billion FF in 1988.

—Joyce Walkmann

FRENCH TELECOM

(Continued from Page 1)

inadequacies is the amount wasted on developing today's exchange switching systems. Seven European countries spent eight billion dollars for seven different rival systems. At the same time, the United States spent three to four billion for four different systems and Japan spent five billion for two. To date no European country accounts for more than six percent of the world telecommunications market as against more than 35 percent for the U.S. and 11 percent for Japan. At such a low market share, not one of the European switching systems has earned back the money invested.

The first test of how well the pan-European market can work is the digital cellular car radio network. Recently, Great Britain, France, West Germany and Italy agreed on a narrowband norm as opposed to broadband. This was a victory for the British preference and took some hard bargaining. But it showed to a cynical world that the Europeans are serious about working together.

For his part, Mr. Grenier points out that France is already close to conforming with all the points in the Green Paper. As proof of its good faith, the government decided on the recent privatization of the CGCT (Compagnie Générale des Communications Téléphoniques) and its sale to a consortium headed by Ericsson of Sweden and Mats of France. As a result, the French public telephone switching market now has an important new competitor.

The EEC stipulates that an efficient basic telephone service must be preserved, and that outside

The Minister, Mr. Longuet, has already announced five new candidates for deregulation in France: cable, radio telephone, radio paging, value-added networks or VAN's, and public phone booths.

In the area of cable, French Telecom has enthusiastically agreed to divide up the work with outside consortiums, cutting back on costly plans made by the previous Socialist government to cable all of France with multimode optical fiber. This is a case of deregulation to the rescue. They expected to lose up to two billion francs a year. Now these losses will be greatly reduced.

On the new radiomessage or paging market, French Telecom has chosen to team up with the U.S. market leader, Motorola, against the new doubles combination of Télédiffusion de France and Mitsubishi from Japan. It is too soon yet for a progress report but this should be one to watch.

Bids recently closed from a list of prestigious companies interested in the right to compete in the radio telephone field. The Ministry estimates the market next year at some 40,000 to 70,000 annually, for France is still a relative newcomer to the field with only 0.8 radiophones per 1000 inhabitants compared to 2.6 in England and 15 in Scandinavia.

Finally, there is the prospect of competition in the important field of value-added networks. This is a developing sector which involves advanced software and high profit margins. The most successful VAN in France to date is French Telecom's own electronic directory on the Minitel. Major groups like IBM and Olivetti have already signed up with French partners to offer VAN's, but the rules of the game have not been established and the government has been criticized for stalling again.

However, the toughest battle of them all may well be waged in the corridors of power. Clearly, some form of deregulation is inevitable for the group as a whole. The question is the timing. Soon after his nomination last year, the Minister of the PTT, Gérard Longuet, set up a general Commission of Deregulation which prepared a bill designed to modernize all areas of French telecommunications. Then, with the realization of just how complex the changes will be and how many people will be affected, the government applied the brakes. The bill may not pass now until 1989 after the Presidential elections.

Both Messrs. Longuet and Roulet argue that French Telecom must have more flexibility to set its own prices, to pay higher salaries, in short, to respond to economic imperatives.

"I try to explain that this is a national challenge, not a political debate. Afterwards we can choose privatization or remain a state company," says Mr. Roulet. But an opinion poll of employees revealed that 77 percent believe that a new statute would lead to loss of jobs. On the other hand, they also expect salaries to go up. "We are working slowly toward a consensus and this is another part of my job," says Mr. Roulet. So far, the only reform in this direction is the right to introduce value-added tax on all telephone calls. This means business



Calling by card catches on.

this, competition should be as wide as possible. The question is how rapidly and under what guidelines French Telecom should approach a new partnership with the private sector as deregulation proceeds.

One of them, France Cables & Radio (FCR), now markets its considerable expertise worldwide. The company is, for example, currently developing a micro-wave link in Abu Dhabi and a domestic satellite network in Argentina and Bolivia.

Sofrecom, another subsidiary, specializes in helping developing countries establish, improve or operate their national networks. It now has over a hundred projects in some 40-odd countries. A typical example is the Greater Dakar project to double the city's telephone capacity. The company created the master plan, assisted in judging offers and financing the project, and is now engineering its realization and managing its installation. "We



Minitel kiosk in the Pompidou Center.

customers will pay the same rate as before but can claim the 15.7 percent VAT back from the government. Technically it represents a loss in revenue but at least it makes French Telecom competitive with new private competition.

However, there is another trump card which Marcel Roulet intends to play. A group of satellite companies have been revamped and grouped under a holding, Cogecom. Each company has its slot and together they are responsible for sales and promotion abroad for the whole range of French telecommunications. These small companies are flexible and profitable, with turnover climbing fast, up 35 percent in 1986. One by one, they will be opened up to new capital and plans are already under study for an eventual stock-market listing for the EGT (Entreprise Générale des Télécommunications), which handles radio paging, fax machines and car radios. In other words, a mini-privatization is planned. All international accords will be negotiated through these affiliates, and will not be subject to approval delays back home.

As Marcel Roulet has observed, deregulation cannot simply be imported into France without consideration for traditions and the present organization of the market. The evolution of new institutions in a complex society is a slow and difficult process, he says. Nevertheless, the Ministry and French Telecom remain convinced that this is the only path if France is to take her rightful place in the telecommunications world of tomorrow.

—Frances Cleary

At This Rate...

LONG-DISTANCE calls rang up 6.4 billion francs worth of business for France Telecom last year, despite lower rates that have cut the cost of such connections by up to 37 percent since 1984. The greatest savings were on calls to the United States, where one minute's conversation currently costs an affordable 9.37 francs full rate and, off-peak, 7.20 and 5.70. Prices to the French-speaking parts of Africa have fallen 32 percent to 14.60 francs full rate and 10.20 francs off-peak. Within Europe, EEC members and Switzerland can be contacted for 4.50 francs per minute and the remainder of the continent for 6.55 francs per minute.

Going Global

THE evolution of the telecommunications industry makes it necessary for any telephone company, even a state-controlled monopoly, to meet international standards of price, quality and service. France Telecom International (FTI), which covers the international activities of French Telecom and its six subsidiaries, is currently working on all fronts to make sure its numerous trump cards are fully exploited.

Our network is the most modern, most digitized and the newest," states Jean Grenier, head of FTI. "And despite the fact that as a government institution we have less flexibility, we have been innovative in terms of new services such as videotex, digitization and more."

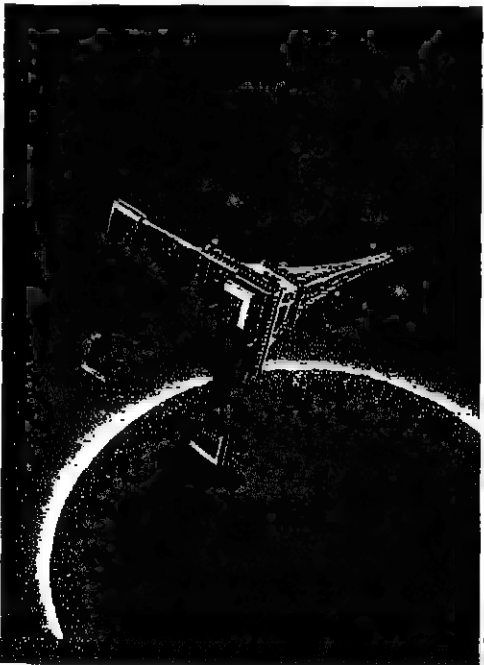
These new services currently represent less than 10 percent of revenues, but by the year 2000 they are expected to account for one-third of the business. Today, 80 percent of the group's international revenues — 10 percent of total turnover — still comes from telephone traffic. Competition on international links, already a reality, represents a real threat to the company's revenues.

If calls originating from abroad are significantly cheaper, the "call me back" syndrome will start eating away at France's international earnings. Multinational companies might even move their headquarters to those areas where telecommunications are cheap.

To face this competition, FTI has been reducing its rates over the past three years, with drops of 11 percent to the Middle East and up to 37 percent on the important North American line. Tariffs in such highly competitive sectors as digital services by satellite were reduced by 20 to 30 percent in 1986 and even more for medium-term (three to five year) contracts.

Yet, if telephone traffic is today's most important source of international revenues, other trends are equally significant. Telephone traffic is decreasing as big corporations move their voice-traffic from public to private networks, and non-voice traffic is rising as businesses run increasingly to data transmission. "If we don't anticipate these trends," warns Jean-Jacques Darlamian, head of international operations, "the overall income of French Telecom will suffer as will its ability to be a real force in the industry."

As FTI revamps its international tariffs, the group is expanding its presence abroad. FTI bureaus monitor foreign strategies, technologies and regulations while developing contacts and promoting French telecommunications. Meanwhile, worldwide subsidiaries are active in sectors such as submarine cable links, satellite networks, engineering and consultancy, videotex and digital communication.



benefit from our 20 years experience in France and abroad to assist countries in upgrading and extending their network," says President G. Malleus, who likes to distinguish FTI's style from others. "We aim to transfer the know-how of the most advanced techniques such as computer aided design for local circuits or project management."

Alongside these well-established activities in developing countries, FTI has diversified and is increasingly involved in new technologies and business communication.

France is one of the few countries with an industrial group (Submarcom) that specializes in advanced submarine cable networks. French Telecom was the major participant in the 14,000 kilometer Sea-me-we link between Marseille and Singapore completed in 1986, and provided overall financial management for the venture which involved 20 investor countries.

In 1987, a fiber-optic cable was installed between Marseille and Ajaccio as the first section of Emos I that will connect France to Israel via Greece and Turkey. FTI is also working closely

with the United States and Britain on the trans-Atlantic cable TAT-8 and on preparations for TAT-9 to link the United States, Canada, Britain, France and Spain in the early 1990s.

Since the launching of France's satellite Telecom-1 in 1984 and the increased digitization of the national telephone network, FCR has been involved in actively promoting and marketing a series of sophisticated business services. The "Tarus" range — a prefiguration of the ISDN network with data transmission rates of between 64 kb/s and 1920 kb/s — speeds computer-file transfer, image-bank consultation, computer-aided design and manufacture, and data distribution.

International clients include Barclays and E.F. Hutton for the transfer of financial data and voice/data multiplexing. AFP for photo and text transmission multiplexed with voice and data, and the International Herald Tribune for broadcast facsimile to print the newspaper in Miami.

Competition in this area is particularly fierce between London and Paris, both striving to become the hub of Europe. But if London is favored for finance, Paris is quickly catching up in every other area. Says Jacques Cauchy, head of Digital Business Services at FCR: "Companies using these links now realize how vital they are and no longer rely on one trans-Atlantic link."

Today there are seven Telecom-1 earth stations operated by the German Bundespost, and others in Brussels, Dublin, Copenhagen and Britain. Meanwhile, the FTI bureau in New York has helped the company develop contacts with more than 20 American carriers.

Corporate communications is another promising area and FTI, through its subsidiary FCR, has broken into several foreign markets over the past two years by offering multinational corporations an end-to-end service from the master plan to actual operation of the corporate network with voice, data and video options.

Finally, FTI is determined to export its successful videotex system. Its subsidiary, Intelmatic, has recently scored a major success on the massive Canadian market. Brazil has officially adopted the French standard, and there is further development in private networks around the world. In Spain and Switzerland, despite official acceptance of the German standard, over 25,000 Minitels have been installed.

In the United States, the single most important market, U.S. Videotel in Houston, Texas, is launching a Minitel network with business and general applications. It aims to install 30,000 Minitels by the end of the year. Intelmatic expects that the United States will become a significant market by the end of 1988. Because of the success of the system in France, acute interest has been shown by all sides of the industry.

—Joyce Walkmann

FRANCE TELECOM INTERNATIONAL

Taking Stock
The Meaning

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YOUR CONNECTION WITH THE FUTURE

THURSDAY, OCTOBER 22, 1987

ECONOMIC SCENE

Taking Stock and Weighing The Meaning of the Market

By LEONARD SILK
New York Times Service

NEW YORK — Suddenly all everybody wants to know is what's happening to the stock market. People getting off planes rush to telephones to find out whether their stocks are up or down. Bus drivers ask their passengers whether they should buy or sell. Does it really matter all that much? What is the stock market, anyway?

For some, the market is a gambling casino, a racetrack without horses. But for many others, especially in this day of individual Retirement Accounts, Keogh accounts and company or city or college pension plans, it is their life savings, their personal and family security. When the stock market drops by \$1 trillion — which is roughly how far all the stocks on the New York Stock Exchange have fallen from late August through Monday — that plunge is enough to wipe out decades of savings.

More than a casino or an enormous piggy bank, the stock market is an integral part of how young businesses obtain capital they need to grow. Admittedly, the "primary market" — in which corporations raise money by selling new issues of stocks — is a small part of the mechanism of corporate finance.

The stock market that Americans have elevated to a spectator sport is the "secondary market," where the shares that companies issued years ago change hands again and again. When those shares rise or fall in value, individual investors or financial institutions pocket the gains or losses. The companies themselves are reduced to keenly interested observers.

Nevertheless, the new money raised in the primary market is not a trivial sum. Last year it came to about \$100 billion (although, with all the mergers, acquisitions and buybacks of shares, American corporations actually retired more stock than they issued). And to young and growing companies, that \$100 billion is vital beyond the raw amount.

Similarly, "equity" — the value of all the shares owned in corporations — is vital to the functioning of the capitalist system. All the debt owed by corporations, in bonds and loans, is only one-third the value of their equity. If the debt, and the burden of making interest payments, gets too high, the corporations find themselves on thin ice and could crash through. This is one reason why executives worry so much about the value the stock market puts on their shares.

But it is only one reason. The stock market holds every company, however lofty or lowly its product or purpose, to the same daunting standard: It honors the enterprise that knows how to make a buck. Executives learn that the market takes their measure.

Its constantly fluctuating prices pronounce them effective managers, irresistible salesmen, inspirers of others, daring innovators, maybe geniuses — or sluggards, miscalculators, wrong-guessers, incompetent turkeys whose inaction has left their companies ripe for takeover by sharp-eyed, sharp-penciled raiders. And for those who play the market — including the executives whose real pay of ten takes the form of options to buy stock — it is the path to fortune. It can be the test of manhood or womanhood, the stuff of dreams, novels, television serials or social tracts and satires. It exposes the follies and underscores the ethics of yuppies, arbitrageurs, takeover artists and stuffed shirts.

The stock market is a psychological test. The human race is divided into two classes of beings, it seems: "bulls," the eternal optimists, and "bears," the eternal pessimists.

To be sure, people have been known to undergo a species-change from bull to bear, and there are times when mob psychol-

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Page 9



John J. Phelan Jr. will most likely go down in history as the man who kept the exchange running during the crisis of 1987.

'The Prince' of the Trading Floor NYSE's Chairman Leads Exchange to a New Order

By Robert J. Cole
New York Times Service

NEW YORK — On a long table just outside the office of John J. Phelan Jr., the soft-spoken chairman and chief executive officer of the New York Stock Exchange, stands a neat, mahogany-framed motto taken from Machiavelli's "The Prince."

"There is nothing," it reads, "more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things."

After nearly half a lifetime on Wall Street, at the very heart of business, on the trading floor of the most influential stock exchange in the world, Mr. Phelan is accustomed to taking the lead in the new order of things.

In one of his proudest achievements, the 56-year-old executive was instrumental in getting the exchange to spend \$200 million in the past seven years to computerize almost everything in sight. As a result, the exchange can handle trading volume that would have been unthinkable 20 years ago.

Still, on Tuesday, Mr. Phelan ordered sharp restrictions on computerized program trading. For that action and others, he will most likely go down in Wall Street history as the man who kept the exchange running during the great market crisis of 1987.

Not very long after daylight Tuesday, he settled back with the morning papers and prepared for his usual business-meeting breakfast at the office.

Based on an overnight analysis of Monday's incredible market activity, the outlook seemed promising. The gist of the meeting, as one official close to the chairman put it, was that "everything is going as well as can be expected."

By shortly before noon, however, after fielding urgent phone calls, Mr. Phelan raced down the hall into an elevator and through an array of well-wishers on the NYSE floor to confer with senior executives.

Outside, hundreds of people milled around, wanting to witness the unprecedented clamor at the exchange. Television film crews set up cameras at all of the doors to interview traders as they took limousines.

clearer. A few minutes after noon, an exchange bulletin flashed the news that because other exchanges around the country had shut down futures trading, the New York Futures Exchange, a part of the Big Board, was suspending operations in a sign of solidarity. Within 45 minutes Mr. Phelan reopened the futures exchange.

As the highest-paid chairman in the history of the exchange, with a salary close to \$750,000 a year, Mr. Phelan seems suited to cope with what is perhaps the nation's most important economic development since the Great Depression.

He was born in New York City on May 7, 1931. By his early 20s he was a U.S. Marine sergeant, serving in Korea. He received a bachelor's degree from Adelphi University, and at age 24 was at work with his father on Wall Street. At 26 he was a partner, and at 31 managing director of a successor firm known as Phelan & Co.

At 41, in a second reorganization, he became senior partner of Phelan, Silver, Vesce, Barry & Co. In 1975, while still on the exchange floor, he won a post as the NYSE's vice chairman, serving until mid-1980, when he became president and chief operating officer. He stepped up to chairman and chief executive in May 1984.

At 2 P.M. on Monday, with the markets crumbling, it was a cool-headed chairman who decided to call the press together that evening.

"It's the nearest thing to a meltdown that I ever want to see," he remarked of the trading day.

That evening, President Ronald Reagan spoke confidently of the economy, with never a thought of ordering a trading halt. Counseling him that trading should continue was Mr. Phelan.

Mr. Phelan confers with the president regularly as chairman of the President's Board of Advisors on Private Sector Initiatives, but it was Howard H. Baker Jr., the White House chief of staff, who telephoned repeatedly Monday for consultations.

On Tuesday, after the close of trading, with the Dow Jones industrial recovering 102.27 points, Mr. Phelan seemed to feel a lot better.

"I didn't get much sleep Monday night," he told reporters, "but I hope to get a little more now."

Europe, Asia Rebound, Following Wall Street

London Rise Helps Offset 2-Day Plunge

Compiled by Our Staff From Dispatches

LONDON — Buyers returned to stock markets in Europe on Wednesday, turning prices around after major losses the previous two days.

Wall Street's partial recovery on Tuesday, which continued Wednesday, was the major boost to prices across Europe, analysts said. U.S. stocks soared in European trading after a number of American companies announced that they planned to repurchase their own shares when trading began in New York, brokers said.

Prices on the London Stock Exchange, after seussing during much of the session, managed a record gain to recover more than a quarter of their huge losses earlier in the week. Over two days, stock values slid an unprecedented 21.7 percent.

The Financial Times 100-share index finished 142.2 points higher at 1,943.8, though this was still 15.5 percent below Friday's close. The index, following Wall Street's lead, fell 250.7 points on Tuesday and 249.6 points on Monday.

Volume was so heavy in London on Wednesday that it caused technical problems, forcing the exchange to stop computing the index at noon for three hours. The price quotation system, which market makers use to advertise their prices for individual shares, functioned normally.

Earlier in London, prices had retreated on profit-taking and at one point the FT-SE index was up only about 100 points. But prices recovered after midday when buying, some of it from U.S. investors, picked up again, brokers said.

In Paris, share prices made new gains in active late trading and closed firmer, buoyed in part by the rally on Wall Street.

The Bourse indicator managed a gain of 3.48 percent, although traders said that prices had come under pressure earlier in the day from selling by foreign institutions. There were many buyers ready to take up the shares.

Banking sources said Wednesday that state-owned financial institutions had intervened energetically to buy shares on Tuesday in an attempt to stem the wave of selling. They declined to say how much had been spent.



IN THE PIT — A trader at the Tokyo Stock Exchange uses oral as well as manual dexterity to keep up with the fast-paced market Wednesday morning.

Tokyo's Gain Sets Record as Loss Is Cut

Compiled by Our Staff From Dispatches

TOKYO — Japanese stock prices, boosted by the partial recovery overnight in New York, posted a record advance on Wednesday, regaining more than half of the 15 percent plunge registered the previous day.

Prices on other Asian stock markets also recovered some of Tuesday's losses. Analysts said the improvement raised hopes that the worst of the plunge in stock markets may be over.

However, the Australian market improved only 1.3 percent after its historic dive on Tuesday of 25 percent.

The Nikkei stock average of 225 major Japanese issues on the Tokyo Stock Exchange jumped by a record 2,037.32 points, or 9.3 percent, to close at 23,947.40. The Nikkei indicator plunged a record 3,838.48 points on Tuesday.

The previous record single-day point gain was 906.42 points on July 24.

The fall on Tuesday "had nothing whatever to do with Japan's economy," said Hiroyuki Wada, a senior analyst at Okasan Securities. "Japan's economy is very strong," he added, noting that the crash "was an overreaction to Wall Street's panic selling" on Monday.

The Hong Kong Stock Exchange remained closed after its board suspended trading for the rest of the week on Tuesday. Authorities said, however, that the exchange could reopen earlier, depending upon the international situation. In unofficial trading, Hong Kong share prices were 20 to 25 percent below Monday's closing levels, brokers said.

The Singapore and Malaysian stock markets were closed for a holiday. In Australia, the All Ordinaries Index recovered only 19.7 of the 515 points it lost in Tuesday's mauling, which saw the indicator plunge to 1,549.5.

The index rose 80 points early in the day, but most gains evaporated toward the close. (AP, Reuters)

Currency Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.282	Swiss franc	1.452	British pound	1.602	Japanese yen	160.2
Belgian franc	36.52	U.S. dollar	1.000	French franc	6.55	West German mark	1.836
Canadian dollar	1.212	Italian lira	1,936	Spanish peseta	166.6	Swedish krona	8.46
Danish krone	6.46	Netherlands guilder	2.36	Portuguese escudo	200.4	Swiss franc	1.452
Deutsche mark	1.836	Portuguese escudo	200.4	South African rand	1.66	Swiss franc	1.452
French franc	6.55	South African rand	1.66	Swiss franc	1.452	Swiss franc	1.452
Italian lira	1,936	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Japanese yen	160.2	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Netherlands guilder	2.36	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Portuguese escudo	200.4	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Spanish peseta	166.6	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Swedish krona	8.46	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
West German mark	1.836	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452

Source: Reuters. Rates are for 100 U.S. dollars unless otherwise noted. All rates are in U.S. dollars.

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.282	Swiss franc	1.452	British pound	1.602	Japanese yen	160.2
Belgian franc	36.52	U.S. dollar	1.000	French franc	6.55	West German mark	1.836
Canadian dollar	1.212	Italian lira	1,936	Spanish peseta	166.6	Swedish krona	8.46
Danish krone	6.46	Netherlands guilder	2.36	Portuguese escudo	200.4	Swiss franc	1.452
Deutsche mark	1.836	Portuguese escudo	200.4	South African rand	1.66	Swiss franc	1.452
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Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
West German mark	1.836	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452

Interest Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian dollar	1.282	Swiss franc	1.452	British pound	1.602	Japanese yen	160.2
Belgian franc	36.52	U.S. dollar	1.000	French franc	6.55	West German mark	1.836
Canadian dollar	1.212	Italian lira	1,936	Spanish peseta	166.6	Swedish krona	8.46
Danish krone	6.46	Netherlands guilder	2.36	Portuguese escudo	200.4	Swiss franc	1.452
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French franc	6.55	South African rand	1.66	Swiss franc	1.452	Swiss franc	1.452
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Netherlands guilder	2.36	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
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Spanish peseta	166.6	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Swedish krona	8.46	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
West German mark	1.836	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452

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Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
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Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452
West German mark	1.836	Swiss franc	1.452	Swiss franc	1.452	Swiss franc	1.452

Source: Reuters. Rates are for 100 U.S. dollars unless otherwise noted. All rates are in U.S. dollars.

6-month interbank	4.75	5.00			
Articles					
Bank base rate	10	10			
Cash money	10	10			
3-month interbank	12 1/2	13 1/4			
91-day Treasury bill	%	%			
Finance					
Gold					
			A.M.	P.M.	Closed
Hong Kong		465.00		466.75	-11.25
Luxembourg		466.25		—	-12.00
Paris (172.5 kilo)		466.50		467.19	-3.44
Switzerland		466.50		466.75	+1.75

NYSE Most Actives

Vol.	High	Low	Last	Chg.
AT&T	28.12	28.00	28.00	+
IBM	162.00	161.00	161.00	+
GE	34.00	33.75	33.75	+
Merck	50.00	49.50	49.50	+
Amgen	45.00	44.50	44.50	+
Boeing	48.00	47.50	47.50	+
McDonald's	28.00	27.50	27.50	+
Wal-Mart	25.00	24.50	24.50	+
Target	22.00	21.50	21.50	+
Home Depot	20.00	19.50	19.50	+
Lowes	18.00	17.50	17.50	+
Walmart	16.00	15.50	15.50	+
Costco	14.00	13.50	13.50	+
Kroger	12.00	11.50	11.50	+
Albert Heijn	10.00	9.50	9.50	+
Carrefour	8.00	7.50	7.50	+
Concession	6.00	5.50	5.50	+
Woolworth	4.00	3.50	3.50	+
Woolworth	2.00	1.50	1.50	+
Woolworth	1.00	0.50	0.50	+

Market Sales

NYSE 3 a.m. volume	378,920,000
NYSE new one close	41,540,000
AMEX 3 a.m. volume	25,540,000
AMEX new one close	2,540,000
Prev. OTC 3 a.m. volume	25,117,000

NYSE Index

	High	Previous	Close	1987
Composite	128.12	127.40	127.40	128.00
Industrials	141.57	140.80	140.80	141.00
Utilities	121.51	120.80	120.80	121.00
Finance	121.71	121.00	121.00	121.50

Wednesday's NYSE 3pm

Via The Associated Press

AMEX Diary

Not available at press time

NASDAQ Index

	Prev. Today	Week	Year
Composite	2,224.10	2,224.10	2,224.10
Industrials	2,224.10	2,224.10	2,224.10
Utilities	2,224.10	2,224.10	2,224.10
Finance	2,224.10	2,224.10	2,224.10
Health	2,224.10	2,224.10	2,224.10
Pharmaceuticals	2,224.10	2,224.10	2,224.10
Technology	2,224.10	2,224.10	2,224.10
Telecommunications	2,224.10	2,224.10	2,224.10
Transportation	2,224.10	2,224.10	2,224.10
Energy	2,224.10	2,224.10	2,224.10
Consumer Goods	2,224.10	2,224.10	2,224.10
Real Estate	2,224.10	2,224.10	2,224.10
Other	2,224.10	2,224.10	2,224.10

AMEX Most Actives

Vol.	High	Low	Last	Chg.
Amgen	45.00	44.50	44.50	+
Boeing	48.00	47.50	47.50	+
McDonald's	28.00	27.50	27.50	+
Wal-Mart	25.00	24.50	24.50	+
Target	22.00	21.50	21.50	+
Home Depot	20.00	19.50	19.50	+
Lowes	18.00	17.50	17.50	+
Walmart	16.00	15.50	15.50	+
Costco	14.00	13.50	13.50	+
Kroger	12.00	11.50	11.50	+
Albert Heijn	10.00	9.50	9.50	+
Carrefour	8.00	7.50	7.50	+
Concession	6.00	5.50	5.50	+
Woolworth	4.00	3.50	3.50	+
Woolworth	2.00	1.50	1.50	+
Woolworth	1.00	0.50	0.50	+

Dow Jones Bond Averages

	Prev.	Close	1987
Govt	94.75	94.75	94.75
Corp	94.75	94.75	94.75
High Yield	94.75	94.75	94.75

NYSE Diary

Not available at press time

Odd-Lot Trading in N.Y.

	Buy	Sell	Share
Oct 19	2,224.10	2,224.10	2,224.10
Oct 20	2,224.10	2,224.10	2,224.10
Oct 21	2,224.10	2,224.10	2,224.10
Oct 22	2,224.10	2,224.10	2,224.10

Dow Jones Averages

	Open	High	Low	Close	Chg.
Indus	141.57	141.57	140.80	140.80	+
Util	121.51	121.51	120.80	120.80	+
Comp	121.71	121.71	121.00	121.00	+

Standard & Poor's Index

	High	Previous	Close	1987
Industrials	222.41	222.41	222.41	222.41
Utilities	222.41	222.41	222.41	222.41
Finance	222.41	222.41	222.41	222.41
Health	222.41	222.41	222.41	222.41
Pharmaceuticals	222.41	222.41	222.41	222.41
Technology	222.41	222.41	222.41	222.41
Telecommunications	222.41	222.41	222.41	222.41
Transportation	222.41	222.41	222.41	222.41
Energy	222.41	222.41	222.41	222.41
Consumer Goods	222.41	222.41	222.41	222.41
Real Estate	222.41	222.41	222.41	222.41
Other	222.41	222.41	222.41	222.41

Previous NASDAQ Diary

	Close	Prev.
Advanced	214	214
Declined	1,571	1,571
Total Trades	4,844	4,844

AMEX Stock Index

	High	Previous	Close	1987
Index	252.50	250.50	250.50	252.50

MARKETS: Dow Soars 186 as Buyers Return

(Continued from Page 1)

economy," he contended. "We are likely to see a recession begin almost immediately. And as investors respond to fears of deflation — rather than inflation — they will buy food, drug and utility issues."

Traders said buyers Wednesday were attracted by lower prices and by some easing of fears that interest rates will rise.

"All our models indicate there is value in stocks," said Larry Greenwald, co-manager of equity trading at Sanford C. Bernstein & Co. "But psychology will dominate the near-term picture."

Sentiment also has gotten a boost from the willingness of some of America's biggest companies to purchase their own shares. Educational Computer Corp., Lockheed Corp., Meadwestvaco Corp. and Western Savings & Loan Association were among the many companies that announced buybacks on Wednesday.

Much of Tuesday's Dow rebound was triggered when companies such as steel giant U.S. Steel Corp., Ford Motor Co., Merrill Lynch and Allied Corp. announced plans to repurchase outstanding shares that had been battered in Monday's plunge.

"The companies believe their stock prices are bargains at this level," said Sarah Stack, an analyst at Bateman Eichler, Hill Richards Inc. in Los Angeles.

At 3 P.M., General Electric was the most active NYSE-listed issue, rising \$4.625 to \$49.75. Archer-Daniels-Midland, the agricul-

tural products company, followed, rising 25 cents to \$19.375.

American Telephone & Telegraph was third, climbing \$2.50 to \$29.25.

Among other issues, International Business Machines climbed \$7.75 to \$122.75.

The recent plunge in stock prices has significantly slowed the merger boom, and stocks in some companies that were targets of takeover attempts were among Wednesday's gainers. Gillette was up \$3 to \$29, while Dayton Hudson rose \$2.5 to \$30.25. On Tuesday, Dart Group Corp. dropped its \$6.3 billion bid for Dayton Hudson, and the retailer responded by announcing on Wednesday its own share buyback plan.

On the London Stock Exchange, the Financial Times-Stock Exchange 100-share index rose a record 142.2 points to 1,943.8, regaining slightly more than half of its record loss of the previous session.

Prices rocketed earlier on the Tokyo Stock Exchange, where the 225-share Nikkei stock average shot up 2,037.32 points — its largest one-day advance ever — to close at 23,947.40. On Tuesday, it fell a record 3,838.48 points.

(UPI, AP)

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	128.12	127.40	127.40	128.00	128.12	127.40	127.40	128.00	+
Indus	141.57	140.80	140.80	141.00	141.57	140.80	140.80	141.00	+
Util	121.51	120.80	120.80	121.00	121.51	120.80	120.80	121.00	+
Comp	121.71	121.00	121.00	121.50	121.71	121.00	121.00	121.50	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	252.50	250.50	250.50	252.50	252.50	250.50	250.50	252.50	+
Indus	252.50	250.50	250.50	252.50	252.50	250.50	250.50	252.50	+
Util	252.50	250.50	250.50	252.50	252.50	250.50	250.50	252.50	+
Comp	252.50	250.50	250.50	252.50	252.50	250.50	250.50	252.50	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

12 Month	High	Low	Stock	Div. Yld.	Open	High	Low	3 P.M. Cl.	Net
12 Month	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Indus	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Util	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Comp	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Health	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Energy	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Telecom	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Biotech	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Real Estate	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Financial	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Consumer	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Technology	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Transportation	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Media	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Defense	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Government	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
International	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Commodities	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Art & Collectibles	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Real Estate	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Financial	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Consumer	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Technology	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Transportation	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Media	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Defense	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Government	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
International	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Commodities	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+
Art & Collectibles	222.41	222.41	222.41	222.41	222.41	222.41	222.41	222.41	+

BUSINESS ROUNDUP

Icahn to Buy TWA Stock on Market

United Press International
NEW YORK — Carl C. Icahn, chairman of Trans World Airlines Inc., said Wednesday that he will buy TWA stock periodically on the open market. The announcement came a day after the stock market collapse prompted the financier to withdraw his \$1.35 billion bid to take the carrier private.

Mr. Icahn's new stock purchase program has no connection to his withdrawn leveraged buyout offer, a TWA spokesman said. Mr.

Icahn's plan to take TWA private is "over and gone," the spokesman said.

Analysts, however, said that this week's collapse in stock prices mean that Mr. Icahn might be able to buy TWA stock at a price cheaper than his old offer, which would have given stockholders the equivalent of about \$36 a share.

TWA shares plunged \$5.75 on Monday and \$12 on Tuesday to end at \$14 a share. Trading was suspended on Wednesday after Mr.

Icahn's announcement and the release of the company's third-quarter earnings.

TWA said that according to preliminary results, the company had an operating profit of \$128.5 million in the third quarter, up 10 percent from \$104.8 million in the 1986 period.

"I think it's quite possible that Icahn will resume his offer when the dust settles from this week's crash and we return to some sort of business-as-usual," said Anthony Hatch, an analyst at Argus Research.

"I don't think he can make a tender offer at \$14 or \$15 a share," Mr. Hatch said. "But he now has the opportunity to buy some of it at the low price and average down some of the cost of the acquisition."

Mr. Hatch noted that, in the future, if TWA's stock has edged back up, Mr. Icahn can make a formal tender for the remaining shares.

"As we all know, this is a man who has interests beyond the airline industry," the analyst added. "Because of the crash he may have needed his cash for his other investments or he may have seen an incredible opportunity to buy up some undervalued company."

The TWA spokesman said that Mr. Icahn was uncertain when he would begin purchasing more stock.

TWA said in a statement that Mr. Icahn would buy the shares through "entities controlled by him."

Just last Friday he had pursued his bid for ownership by increasing his offer for each share of TWA stock to \$30 in cash and \$25 worth of 12 percent subordinated debentures due in 2007.

Under an earlier offer, estimated at \$1.2 billion, Mr. Icahn would have exchanged \$20 in cash and \$20 worth of debentures for each TWA share.

NatNed to Buy Western Union, Canada Insurer

Reuters
AMSTERDAM — National-Nederlanden NV said Wednesday that it would acquire Western Union Insurance Co., a Canadian insurer, from Frank Freeze Ltd. for an undisclosed amount.

NatNed said that the acquisition, by its unit in Canada, was contingent on approval from Canada's antitrust authorities.

NatNed, the Netherlands' largest insurer, had 1986 premium income of 11.9 billion guilders (\$5.45 billion). The company said the acquisition would boost NatNed's premium income in Canada by about 80 million guilders a year to \$15 million.

Western Union, a small company operating exclusively in Canada's Western provinces, will also help NatNed establish a coast-to-coast presence in the country, it said.

NYSE Suspends 3 Firms For Financial Problems

Compiled by Our Staff From Dispatches

NEW YORK — The New York Stock Exchange suspended three small member firms on Wednesday, citing their "financial difficulties."

The three brokerages, all located in New York City, were William D. Mayer & Co., American Investment Securities Inc. and Metropolitan Securities. All traded only for the accounts of their own principals and did not handle public customer accounts, the exchange said.

The principals of the firms could not be reached for comment.

The exchange declined to elaborate on the firms' financial problems. An NYSE spokeswoman said that the three were not specialist firms, which make markets in a specific stock.

The suspensions came one day after another exchange member, H.B. Shaine & Co. of Grand Rapids, Michigan, was forced to stop

doing business because of inadequate funds to cover recent losses.

In unrelated developments, Merrill Lynch & Co. said its unit, Merrill Lynch Specialists Inc., had signed a letter of intent to acquire the assets of A.B. Tompane & Co., a specialist firm on the New York Stock Exchange, and Bear Stearns Cos. said it had acquired a specialist position of W. Damm M. Frank & Co. on the American Stock Exchange.

Merrill Lynch also said that it recently signed a letter of intent to acquire a specialist unit on the American exchange. Merrill Lynch Specialists has been operating since 1985 with units on both the Pacific and Philadelphia exchanges.

When the agreement becomes final, Merrill Lynch Specialists will become the specialist on the New York exchange for securities now handled by A.B. Tompane. It said Tompane handles trades for 25 securities: 18 equities, 9 preferred stocks and 1 warrant.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Australia				Civ/Def Financial				KeyCorp			
Alcoa of Australia				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	20.9	21.5		Profit	0.8	0.8		Profit	0.6	0.7	
Per Share	5.4	5.0		Per Share	0.2	0.2		Per Share	0.2	0.2	
Britain				1987				1987			
Hawker Siddeley				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	52.0	50.0		Profit	1.2	1.2		Profit	1.2	1.2	
Per Share	0.21	0.21		Per Share	0.3	0.3		Per Share	0.3	0.3	
Canada				1987				1987			
Abitibi-Price				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	3.0	3.1		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.33	0.31		Per Share	0.01	0.01		Per Share	0.01	0.01	
Deluxe Check Printers				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	2,336	2,303		Profit	235.5	218.4		Profit	235.5	218.4	
Per Share	2,336	2,303		Per Share	235.5	218.4		Per Share	235.5	218.4	
Domtar				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.1		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.11		Per Share	0.01	0.01		Per Share	0.01	0.01	
United States				1987				1987			
Allied Signal				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
American Express				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Amoco				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Avon Products				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
BellSouth				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Bristol-Myers				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Chrysler				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
General Motors				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Huntleigh				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
ICI				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Johnson & Johnson				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Kimberly-Clark				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
McKesson				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Monsanto				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Novartis				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Pfizer				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Roche				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schering-Plough				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10		Per Share	0.01	0.01		Per Share	0.01	0.01	
Schwarz				1987				1987			
Revenue	1987	1986		Revenue	1987	1986		Revenue	1987	1986	
Profit	1.0	1.0		Profit	0.1	0.1		Profit	0.1	0.1	
Per Share	0.10	0.10									

SPORTS

Cards Win for Tudor, Cutting Series Deficit to 2-1

By Joseph Durso
New York Times Service

ST. LOUIS — Far from the tumult of the Metrodome in Minneapolis, the St. Louis Cardinals finally won a game from the Minnesota Twins in the 84th World Series Tuesday night, and just in the nick of time.

Down two games to none, they spent six innings getting nowhere against Les Straker, the oldest pitcher in the Series at 38, who had pitched in the Series for 20 years. But once Straker left, the Cardinals pounced on Juan Berenguer for four hits and three runs in the seventh inning, snatched the lead on a two-run double by Vince Coleman and defeated the troublesome Twins 3-1.

They did it before a record crowd of 55,347 in Busch Stadium with their best combination of pitching so far in the Series. John Tudor, the ace of the staff, pitched seven innings of four-hit ball, then the job was completed by Todd Worrell. And for once, the Twins did not score six or seven runs in the fourth inning.

"If we lose, we're down three

games to none," Worrell said, conceding the danger. "And no team has ever come back from that."

He was right. In fact, 37 teams have lost the first two games of the Series, as the Cardinals did in Minneapolis last weekend, and only 10 of them have survived. In two devastating nights in the Metrodome, the Cards were outscored, 18-5. And injuries have removed Jack Clark, their prime power hitter, and limited Terry Pendleton, their switch-hitting third baseman.

"After watching the Twins play in Minnesota," Worrell said, "it entered my mind that it might be hard to hold them down. They're excited to be in the World Series. They're hungry."

The Cards were to try to even the Series at two games apiece Wednesday night, with Greg Mathews pitching against Frank Viola, the left-hander who held St. Louis to one run in Saturday's opener.

"I don't know if we have enough offense to win this thing," said Whitey Herzog, the Cardinals manager. "Every pitcher I put out there

is going to have to pitch a low-run game or we'll be out of it."

"What'll we do different tomorrow?" asked Tom Kelly, the rookie manager of the Twins. "Try to score more than one run. We lost because Mr. Tudor pitched an out-

WORLD SERIES: GAME 3

standing game. He kept the ball low and changed speeds. And Worrell went right through us in the last two innings."

The Cardinals, who hit only 94 home runs during 162 games in the regular season, hit only two in seven games in the playoff for the National League pennant and have none so far in the Series.

But they did finally get some production out of the three top men in the lineup: Coleman got on base three times, stole two bases, scored one run and drove in two others; Ozzie Smith singled twice and drove in a run; and Tom Herr, after going 0-for-21 in World Series play going back to 1985, snapped the streak with a single.

But on a chilly night, the Cardinals were frustrated for six innings by Straker, who spent 10 years in the minor leagues. They got four hits but no runs, and there he was, mauling zeros with the great Tudor.

"That's the best I've thrown all year," Straker said. "I didn't expect to come out, but that's the way I pitched all year — six or seven innings."

It was one week after Tudor had pitched a 1-0 classic in the playoff, and this time he went five antiseptic innings before bending. He even retired the side in order in the fourth, the inning that produced 13 runs for the Twins in the first two games.

"I asked Whitey if we could petition the league to eliminate the fourth inning," Tudor joked. "They wouldn't go for it."

But with one down in the sixth, Tudor lost some of his precision. He walked Greg Gagne, walked Kirby Puckett on four pitches, then got Gary Gaetti to hit a high pop foul near the Cardinal dugout, where Tony Pena made the catch falling down the first step. Gagne tagged up and moved to third while Pena was extracting himself.

Then Tudor faced Tom Brunansky, who reached for a 2-and-2 changeup and lobbed it into right-center for a single and a 1-0 Minnesota lead.

An inning later, Kelly decided that Straker had gone his limit and called for Berenguer to protect the lead. But Jose Oquendo lined Berenguer's first pitch to center for a single, and the Cardinals took their shot.

Berenguer went to two strikes on Pena, who punched the next pitch into right field for a single, moving Oquendo to second. "I was trying to punt him over," Pena said, "but I missed the punt and got behind. I was mad at myself, so I just tried to hit behind the runner so I could stay out of a double play."

Herzog promptly went to his bench for Pendleton to pinch-hit

Keillor's Folks Take Twins, Not Stock

Compiled by Our Staff From Dispatches

WASHINGTON — Folks in Lake Wobegon are taking a wait-and-see attitude toward the stock market and are concentrating on watching the Minnesota Twins play in the World Series, the fictional community's most famous native son said Tuesday.

Garrison Keillor, raconteur, radio host, author and lately an American abroad, stopped by the National Press Club and gave Prairie Home Companion jingles a one-hour fix.

Keillor, who gave up his long-playing Saturday night radio show in June to retreat to Copenhagen with his Danish bride, bemoaned the fact that made the Twins into winners only after he had gone.

But baseball isn't the only reason that the people of Lake Wobegon have not been terribly affected by the stock market plunge, Keillor said. "Bob's bank hasn't invested heavily in anything you couldn't visit within a half hour," he said. "Bob doesn't provide high interest rates, but your money

will be there when you need it — provided you have a good reason for wanting it."

"It's lovely to come here and break my retirement with you," said the 45-year-old satirist, but he denied that his visit to the United States is to promote his new book, "Leaving Home." Said he: "I'm just here to be helpful."

He also quelled rumors he is thinking about writing a play. "I'm not sure if there are actors and actresses who can portray the people I write about," he said. "It's a dialect they don't teach in art school, a kind of murmuring. . . . It trails off. You're uttering some of your most important lines when you're going into the next room. That's difficult to do on stage."

Keillor received an ovation from the 450 in attendance after leading a musical tribute to the Twins, sung to the tune of "Tell Me Why the Ivy

Twins."

(AP, UPI)

Tyson Not a Champion Truly Undisputed

By Dave Anderson
New York Times Service

ATLANTIC CITY, New Jersey — Mike Tyson was discussing his seven-round dissection of Tyrell Biggs. And when he was asked about his Jan. 23 title defense against 38-year-old Larry Holmes, he bragged that "there isn't a man on this planet" capable of defeating him.

But from behind the assembled listeners, the voice of the boxing public disputed the undisputed champion. "What about Michael Spinks?" the voice called.

"What about him?" snapped Kevin Rooney, Tyson's trainer. "What about him?"

"When are you going to fight him?"

"When we're good and ready," Rooney said. "Spinks had his chance in the tournament. Don't forget that."

And judging by Tyson's new unbeaten Spinks won't get another chance until 1989.

"We have taken the position that Butch Lewis will not promote a Mike Tyson fight," declared Tyson's co-manager, Jim Jacobs, referring to Spinks' promoter and manager. "Butch has stated that he's the promoter, but we have started he's not. We want Mike Tyson to fight every eight to 10 weeks. We've encouraged Michael Spinks to go out and fight someone else."

For all of Jacobs' rhetoric, a Tyson-Spinks fight will happen eventually. It's too big a fight with too much money for it not to happen. Maybe as much as \$15 million for each gladiator.

No matter how much Jacobs and Tyson's other co-manager, Bill Cayton, profess to resent Lewis for having pulled Spinks out of the recent made-for-television tournament, they will concede when the time is right, a euphemism for the money being right. Let the plot unfold. Let voices keep yelling. "What about Michael Spinks?"

But as the co-managers of the champion, Jacobs and Cayton will determine when the time is right. Originally, it had been thought that Spinks would have to wait until late next year. But now that projection appears too soon.

Mike will defend the title against Larry Holmes in January, either in Las Vegas or Atlantic City, said Jacobs. "Then he's a March 21 commitment in Tokyo against somebody in the top five. After that, we're thinking of Frank Bruno, Francesco Damiani, Carl Williams and Tim Witherspoon."

With a fight every two to three months, Tyson will have mauling all those opponents by a year from now. By then he will presumably have been the undefeated champion for about two years. He should be approaching his peak, having turned 22 next June and having learned how to cope with Spinks' cleverness.

In contrast, Spinks, depending on how often he fights until then, might be a little rusty. He'll surely be a little older. He'll turn 32 in July.

When the Tyson-Spinks showdown materializes, another six months will be needed to maximize the closed-circuit TV income. That's why Tyson-Spinks won't happen until 1989 — March at the earliest. But when Tyson-Spinks finally does happen, it will be the best heavyweight plot since Ali-Frazier I in 1971.

At that time, Muhammad Ali and Joe Frazier each were undefeated and each had a claim to the

title. Ali was still the public's champion after a three-and-a-half-year exile. Frazier was sanctioned as the champion. Barring a stunning upset somewhere, the Tyson-Spinks plot would be similar.

By 1989, presumably, Tyson will have been an undefeated champion for more than two years. Spinks dethroned Holmes for the International Boxing Federation title and outpointed him in a rematch, but abdicated before his fifth-round knockout of Gerry Cooney here last June. Spinks has a 31-0 record with 21 knockouts. Tyson is now 32-0, with 28 kayos. Just when some people thought he might be vulnerable to Biggs' height and movement, Tyson never looked more intimidating — even before the bell rang.

Tyson never wears a robe into the ring, although sometimes he has a white towel draped over his shoulders. But on Friday night, he arrived wearing his three championship belts — the red International Boxing Federation belt around the waist of his black trunks, the green World Boxing Council belt and the black World Boxing Association belt hanging over each shoulder.

From the opening bell, Tyson dominated Biggs with his left hook. During the first round Biggs moved quickly and easily, snapping an effective jab occasionally. But by the second round, his mouth bloody, Biggs was flat-footed and his punches were more like pillows. By the third, Biggs was bleeding from a cut over the left eye. In the seventh Tyson's left hook sent Biggs sprawling through the ropes. Biggs



Mike Tyson: Is there a "man on this planet" who can beat him?

got up, but another left hook deposited him in his corner.

Most ringside viewers considered it Tyson's best fight — relentless but patient, determined but careful.

"But I didn't see any progress in Tyson," Spinks said. "What he did to Biggs he won't be able to do to me. I don't allow people to have

their way with me. You can fight fire with fire and get the respect that's needed. I think that's why he's fighting Holmes now. To see how he'll do with me."

For all the belts Tyson wears, as long as Spinks is out there undefeated and uninvited, Tyson will never really be the undisputed heavyweight champion.

Hockey

NHL Standings

Wales Conference

Pacific Division

W L T Pts GF GA

NY Islanders 4 1 0 8 25 10

Washington 3 2 1 7 22 17

Philadelphia 3 2 1 7 22 17

New Jersey 2 2 0 4 16 16

NY Rangers 2 2 0 4 16 16

Pittsburgh 1 3 2 4 25 23

Boston 1 3 2 4 25 23

Quebec 1 3 2 4 25 23

Montreal 1 3 2 4 25 23

Buffalo 1 3 2 4 25 23

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Fawn's Legal Slip-Up

**A WORLD
OF JOB**

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